

CITY OF NEW BEDFORD, MASSACHUSETTS

ANNUAL FINANCIAL REPORT

JUNE 30, 2010

CITY OF NEW BEDFORD, MASSACHUSETTS

June 30, 2010

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Honorable Mayor and Members
of the City Council
City of New Bedford
New Bedford, Massachusetts

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Bedford, Massachusetts, as of and for the year ended June 30, 2010 (except for the New Bedford Contributory Retirement System which is as of and for the year ended December 31, 2009), which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of New Bedford's management.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of New Bedford's internal control over financial reporting. Accordingly, we express no opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Bedford, Massachusetts, as of June 30, 2010 (except for the New Bedford Contributory Retirement System which is as of and for the year ended December 31, 2009), and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Continued

In accordance with *Government Auditing Standards*, we have also issued a separate report dated March 31, 2011 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 13 and 75 through 82 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of New Bedford's basic financial statements. The supplementary statements and schedules on pages 86 through 105 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The schedule of funding progress and employers' contributions on pages 83 through 85 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Hague, Sahady & Co. PC

January 10, 2011

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2010

The management of the **City of New Bedford, Massachusetts** (City), offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2010 and 2009. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL Highlights:

- The assets of the City exceeded liabilities at June 30, 2010 and 2009, respectively, by \$147,241,923 and \$126,045,706. Of this amount, \$19,342,969 represents unrestricted net assets at June 30, 2010 and \$48,429,774 at June 30, 2009 (restated).
- The City's total net assets increased by \$21,196,217 for the fiscal year ended June 30, 2010.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$27,610,341. As of June 30, 2009 ending fund balances for governmental funds were \$13,309,873 (restated).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$16,958,461 (6.0 percent) of total general fund expenditures.
- The City's total long term debt increased by \$1,492,204 from \$247,486,206 to \$248,978,410 during the current fiscal year. The key factor in this increase is that the City has incurred new debt totaling \$15,521,000, pay downs were made totaling \$11,028,736 (including \$570,000 of advance refunding) and the state subsidized principal payments totaled \$3,000,060 through the Massachusetts Water Pollution Trust.
- The City considered its water and airport activities to be business-type in nature beginning in 2007. The business-type activities decreased the City's net assets by \$6,200,126.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2010

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, (i.e., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements of the City are divided into three categories:

- **Governmental activities** – Governmental activities of the City such as general government, public works, public safety, education, community and economic development, and culture and recreation are reported here. Property taxes, state aid, local fees and charges finance most of these activities.
- **Business-type activities** – Business-type activities of the City such as water and airport are reported here. Charges for services finance most of these activities.
- **Component units** – The government-wide financial statements not only include the governmental and business-type activities (known as the primary government) but also legally separate entities. There are five legally separate component unit entities included in this report, which are the Greater New Bedford Regional Refuse Management District, the Harbor Development Corporation, the Greater New Bedford Workforce Investment Board, the New Bedford Redevelopment Authority and The New Bedford Contributory Retirement System.

The government-wide financial statements can be found on pages 15 through 18 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental, proprietary, and fiduciary funds. Fiduciary funds for the City consist of the pension trust fund, the private purpose trust funds and the agency funds. The proprietary funds for the City are the water and airport and internal service or medical claims trust funds. All other activities of the City are included in the governmental funds.

Governmental funds: *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in the evaluation of a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2010

The City maintains many governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, wastewater fund and stabilization fund which are considered major funds. Data from all of the other governmental funds, which are considered non-major funds, are combined into a single aggregated presentation. Individual fund data for these nonmajor governmental funds is provided in the form of combining statements, which are not required but are supplementary information.

The City adopts an annual budget for its general and wastewater funds. A budgetary comparison statement has been provided to demonstrate compliance with those budgets.

The governmental fund financial statements can be found on pages 19 through 20 of this report. The budgetary statements can be found on pages 75 through 77 and 80 of this report.

Proprietary funds: The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and airport operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among various functions. The City uses internal services funds to account for the purchasing of supplies, medical and life insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. The accrual basis of accounting is used for the proprietary fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the enterprise fund consisting of the water and airport operations as well as the internal service fund which are considered major funds.

The City adopts an annual budget for its water and airport funds. A budgetary comparison statement has been provided to demonstrate compliance with those budgets.

The proprietary fund financial statements can be found on pages 23 through 26 of this report. The budgetary statements can be found on pages 78 through 79 of this report.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City is the trustee, or fiduciary, for its employees' pension plan. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries and the agency fund. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. These activities are excluded from the City's governmental-wide financial statements because the City cannot use these assets to finance its operations. The accounting used for fiduciary funds is the accrual basis of accounting.

The fiduciary funds financial statements can be found on pages 27 through 28 of this report.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2010

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29 through 74 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning all legally adopted budgets. The City appropriates an annual appropriation budget for the general, water, airport and wastewater funds. Budgetary comparison schedules are presented to demonstrate compliance with the budget on pages 75 through 83.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$147,241,923 as of June 30, 2010 and \$126,045,706 as of June 30, 2009 (restated).

The largest portion of the City's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its residents; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Net Assets for the period ending June 30, 2010 and June 30, 2009 (Government-wide level)

	<u>Governmental Activities**</u>		<u>Business-Type Activities **</u>		<u>Total **</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Assets:						
Current and other assets	\$ 132,460,319	\$ 126,252,384	\$ 4,079,697	\$ 3,935,186	\$ 136,540,016	\$ 130,187,570
Capital assets	<u>320,846,036</u>	<u>300,701,062</u>	<u>64,576,419</u>	<u>61,508,655</u>	<u>385,422,455</u>	<u>362,209,717</u>
Total Assets	<u>\$ 453,306,355</u>	<u>\$426,953,446</u>	<u>\$ 68,656,116</u>	<u>\$ 65,443,841</u>	<u>\$ 521,962,471</u>	<u>\$ 492,397,287</u>
Liabilities:						
Current liabilities	\$ 83,076,485	\$ 30,330,370	\$ 2,718,659	\$ 771,169	\$ 85,795,144	\$ 31,101,539
Long-term liabilities	<u>255,825,745</u>	<u>309,615,294</u>	<u>33,099,659</u>	<u>25,634,748</u>	<u>288,925,404</u>	<u>335,250,042</u>
Total Liabilities	<u>\$ 338,902,230</u>	<u>\$339,945,664</u>	<u>\$ 35,818,318</u>	<u>\$ 26,405,917</u>	<u>\$ 374,720,548</u>	<u>\$ 366,351,581</u>
Net Assets:						
Investment in capital assets (net of debt)	\$ 91,139,940	\$ 46,062,272	\$ 30,204,707	\$ 36,534,093	\$ 121,344,647	\$ 82,596,365
Restricted	6,554,307	(4,980,433)			6,554,307	(4,980,433)
Unreserved	<u>16,709,878</u>	<u>45,925,943</u>	<u>2,633,091</u>	<u>2,503,831</u>	<u>19,342,969</u>	<u>48,429,774</u>
Total Net Assets	<u>\$ 114,404,125</u>	<u>\$ 87,007,782</u>	<u>\$ 32,837,798</u>	<u>\$ 39,037,924</u>	<u>\$ 147,241,923</u>	<u>\$ 126,045,706</u>

** Total net assets for fiscal year ended June 30, 2009 have been restated – refer to restatement note (page 72) in the financial statements for the explanation.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2010

An additional portion of the City's net assets \$6,554,307 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$19,342,969 may be used to meet the City's ongoing obligations to citizens and creditors.

The strength of the City is dependent upon the willingness of the citizenry to pay their bills when they are due, and the diligence of the Tax Collector to ensure that everyone complies with such dealings. As of June 30, 2010 and June 30, 2009 cash and investments consisted of \$55,014,237 and \$59,433,265 respectively.

At the end of fiscal year 2010, the City is able to report positive balances in all three categories of net assets for its governmental activities. For year ended 2010, the City is able to report positive balances in all three categories of net assets for its business-type activities.

The City's net assets for its governmental funds increased during the current fiscal year, due primarily to bond proceeds of \$15,521,000. Net income before transfers for business-type activities increased due to revenues in excess of expenditures in the amount of \$751,394.

Governmental activities: Governmental activities increased the City's net assets by \$27,396,343 for fiscal year ended June 30, 2010.

Business-type activities: Business-type activities decreased the City's net assets by \$6,200,126 for 2010.

Key elements of these increases/(decreases) are documented on the following page:

Changes in Net Assets for the period ending June 30, 2010 and June 30, 2009 (Government-wide level)

	<u>Governmental Activities**</u>		<u>Business-Type Activities **</u>		<u>Total **</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues:						
Program revenues:						
Charges for service	\$ 39,961,056	\$ 37,196,657	\$ 10,069,967	\$ 9,454,143	\$ 50,031,023	\$ 46,650,800
Operating grants & contributions	83,185,782	91,704,308			83,185,782	91,704,308
Capital grants & contributions	15,217,856	10,360,973		188,869	15,217,856	10,549,842
General revenues:						
Property taxes	89,256,010	85,704,440			89,256,010	85,704,440
Motor vehicle excise	5,821,484	5,537,923			5,821,484	5,537,923
School building assistance	24,404,955				24,404,955	
Tax liens fines & other	5,076,894	9,685,112		45	5,076,894	9,685,157
Intergovernmental	129,568,750	124,917,251			129,568,750	124,917,251
Contributions & Donations	14,282,430	10,559,327			14,282,430	10,559,327
Earnings on investments	1,331,764	107,047			1,331,764	107,047
Other	<u>5,572,855</u>	<u>4,417,788</u>	<u>226,299</u>	<u>106,309</u>	<u>5,799,154</u>	<u>4,524,097</u>
Total revenues	<u>413,679,836</u>	<u>380,190,826</u>	<u>10,296,266</u>	<u>9,749,366</u>	<u>423,976,102</u>	<u>389,940,192</u>

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2010

Changes in Net Assets for the period ending June 30, 2010 and June 30, 2009 (Government-wide level)

	<u>Governmental Activities</u>		<u>Business-Type Activities **</u>		<u>Total **</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Expenses:						
General government	8,092,547	9,175,028			8,092,547	9,175,028
Public safety	62,830,473	64,418,136			62,830,473	64,418,136
Public Infrastructure	11,033,250	9,967,293			11,033,250	9,967,293
Public works	31,391,012	32,272,518			31,391,012	32,272,518
Education	239,945,952	238,967,494			239,945,952	238,967,494
Community and economic development	7,660,218	7,387,919			7,660,218	7,387,919
Health & human services	9,668,681	9,138,126			9,668,681	9,138,126
Municipal airport	3,996	154			3,996	154
Culture and recreation	7,028,715	7,869,937			7,028,715	7,869,937
Debt service (interest)	9,399,343	(887,802)			9,399,343	(887,802)
Debt administrative fees	63,113				63,113	
Miscellaneous		204,191				204,191
State and county charges	6,687,713	6,336,508			6,687,713	6,336,508
Interest and fiscal charges		4,532,219				4,532,219
Water			8,694,380	9,337,547	8,694,380	9,337,547
Airport			<u>850,492</u>	<u>1,052,657</u>	<u>850,492</u>	<u>1,052,657</u>
Total expenses	<u>393,805,013</u>	<u>389,381,721</u>	<u>9,544,872</u>	<u>10,390,204</u>	<u>403,349,885</u>	<u>399,771,925</u>
Increase (decrease) in net assets before transfers	19,874,823	(9,190,895)	751,394	(640,838)	20,626,217	(9,831,733)
Transfers of capital assets net of debt from government activities	4,977,029	489,030	(4,977,029)	(489,030)		
Fund deficits raised						
Transfers from other funds	1,990,491		(1,990,491)			
Bond proceeds from advance refunding	<u>554,000</u>		<u>16,000</u>	<u>352,021</u>	<u>570,000</u>	<u>352,021</u>
Increase (decrease) in net assets	27,396,343	(8,701,865)	(6,200,126)	(777,847)	21,196,217	(9,479,712)
Net assets – beginning **	<u>87,007,782</u>	<u>95,709,647</u>	<u>39,037,924</u>	<u>39,815,771</u>	<u>126,045,706</u>	<u>135,525,418</u>
Net assets – ending	<u>\$ 114,404,125</u>	<u>\$ 87,007,782</u>	<u>\$ 32,837,798</u>	<u>\$ 39,037,924</u>	<u>\$ 147,241,923</u>	<u>\$ 126,045,706</u>

** This category was restated – Refer to restatement note (page 72) for explanation.

The majority of general revenues are tax collections from the City's taxpayers. This amount represented 35% of the total general revenues of \$275 million. The operating grants are also a significant source of revenue for the City. The total operating grants for fiscal year ended June 30, 2010 amounted to \$83,185,782 of which \$59,398,712 were received for education.

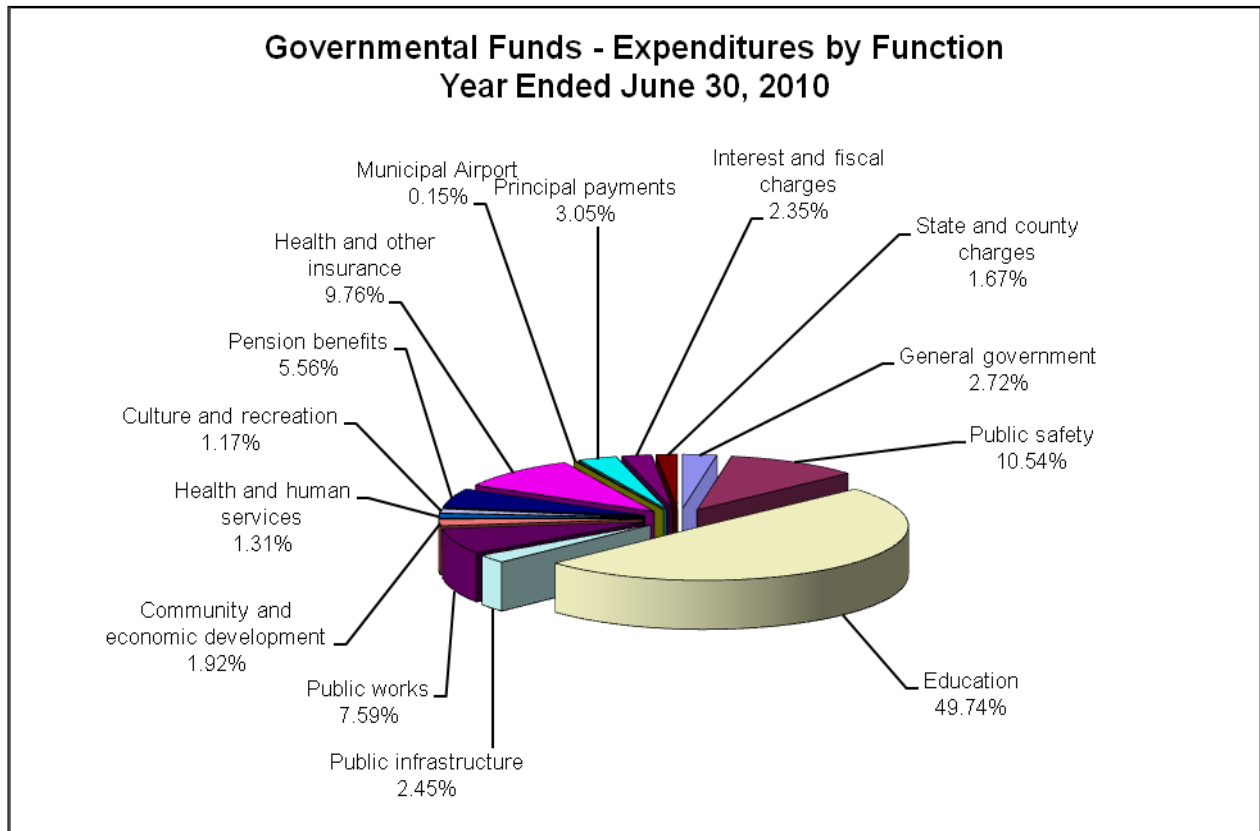
The most significant expense of the City is education which represented 50% of total expenses, followed by public safety at 11%.

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CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

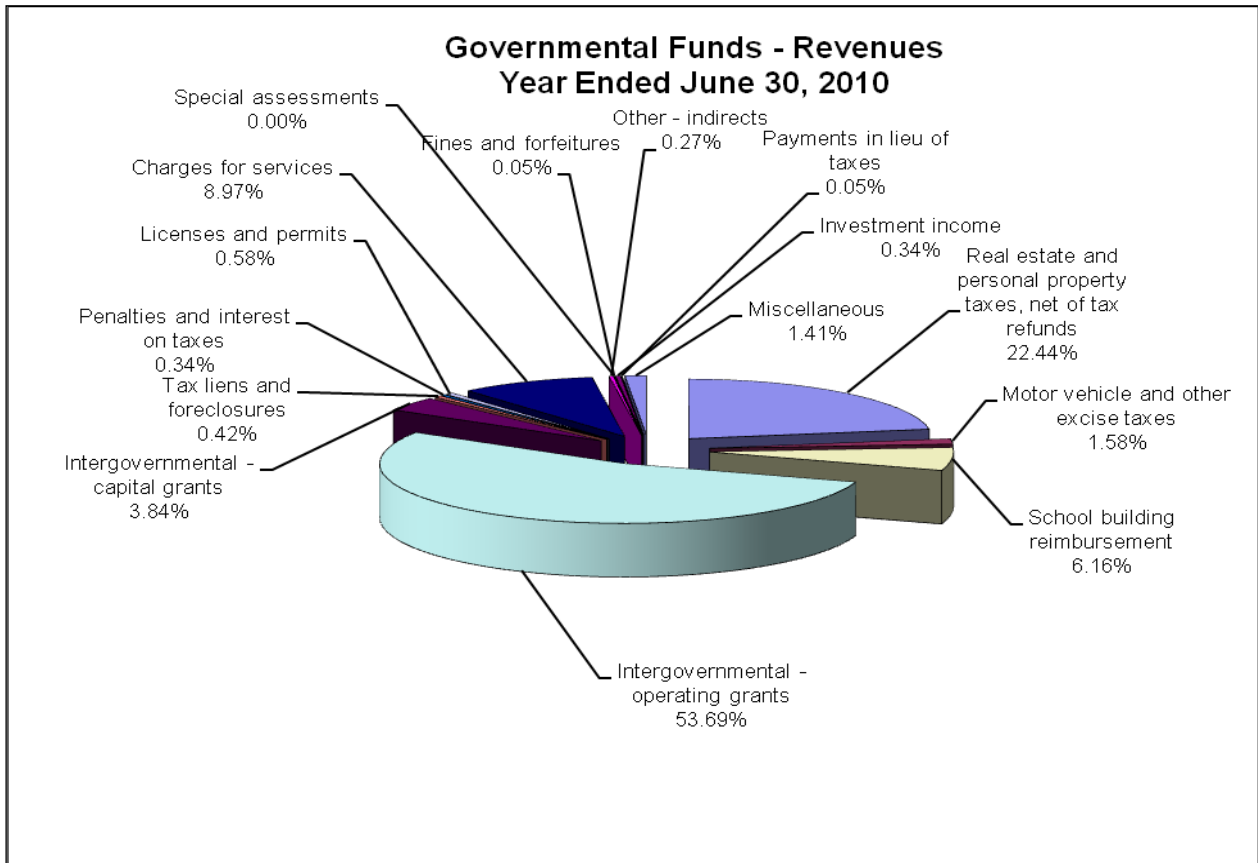
Year Ended June 30, 2010



CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2010



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on the near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City's governmental funds reported combined ending fund balances of \$27,610,341 for fiscal year ended June 30, 2010 and \$13,309,873 for fiscal year ended June 30, 2009 (restated). This increase in fiscal year ended June 30, 2010, totaling \$14,300,468 is primarily due to bond proceeds in the capital project funds of \$15.5 million.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance of the general fund of \$17,556,484 of which \$16,958,461 was unreserved. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balances and total fund balances to total fund expenditures. Total fund balance and unreserved fund balance represent approximately 6.17% and 5.96% of total general fund expenditures, respectively.

The stabilization fund had a fund balance of \$4,679,815 at the end of fiscal year 2010 and a balance of \$6,466,560 at the end of fiscal year 2009. During the year net transfers were \$1,898,541 out and investment income of \$111,856 was earned.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2010

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The Internal Service Fund is categorized as a governmental activity because it services primarily governmental-type funds. The water and airport funds had net assets of \$25,501,622 and \$7,336,176 as of June 30, 2010 and \$31,990,088 and \$7,047,836 as of June 30, 2009, respectively.

Budgetary Highlights

General Fund. The major revenue and expenditures categories which changed are briefly summarized as follows:

Revenues and Other Sources:

Total budgeted revenues were increased by \$94,032, over the original budget.

Expenditures and Other Uses:

Total budgeted appropriations were increased by \$2,821,290 over the original budget

The significant appropriations which changed are as follows:

- General government unclassified was increased by \$415,157.
- Human Services was increased by \$597,649.
- Health and Life Insurance – policy was increased by \$1,612,500.

The major differences between the actual results of the general fund and the final amended budget are as follows:

- Total revenues were \$116,182 higher than budgeted due to the following.
 - \$414,970 less collected than anticipated for motor vehicle excise.
 - \$495,500 more collected than anticipated for indirect revenues.
 - \$856,857 more collected than anticipated for miscellaneous and other revenues.
 - \$446,501 less collected than anticipated for in state aid.
- Total expenditures were lower than anticipated by \$1,504,053 due to the following:
 - Police spent \$107,785 less than budgeted
 - \$113,548 less spent than budgeted for general government
 - Public facilities spent \$347,195 less than budgeted.
 - \$228,844 less spent than budgeted in the debt service line item
 - Intergovernmental expenditures were \$247,634 less than budgeted.

Capital Asset and Debt Administration

Capital assets: The City's investment in capital assets for its governmental and business type activities as of June 30, 2010 amounted to \$385,422,455 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, construction in progress and animals, etc. The total increase in the City's investment in capital assets for the current year was 6.41 percent.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2010

Major capital asset events during the current fiscal year included the Keith Middle School.

Net of Accumulated Depreciation June 30, 2010

	2010			2009		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land	\$ 3,152,935	\$ 735,522	\$ 3,888,457	\$ 3,152,935	\$ 735,522	\$ 3,888,457
Easements		962,500	962,500		962,500	962,500
Construction in progress	47,048,892		47,048,892	23,711,312		23,711,312
Infrastructure in progress	3,494,090	849,677	4,343,767	4,192,763	786,074	4,978,837
Infrastructure	46,464,328	54,775,578	101,239,906	44,798,276	53,495,307	98,293,583
Land Improvements	316,754	557,206	873,960	334,798	582,137	916,935
Buildings and Improvements	204,955,852	1,672,086	206,627,938	206,925,520	1,711,101	208,636,621
Machinery and Equipment	9,778,694	4,814,256	14,592,950	10,621,687	2,924,293	13,545,980
Office Equipment and Furniture	1,588,827	20,762	1,609,589	1,800,027	12,199	1,812,226
Computer Equipment	1,269,919	48,525	1,318,444	1,563,195	69,389	1,632,584
Library Books and Textbooks	955,391		955,391	1,403,734		1,403,734
Automobiles	1,795,638	140,307	1,935,945	2,168,730	230,133	2,398,863
Animals	24,716		24,716	28,085		28,085
	<u>\$320,846,036</u>	<u>\$64,576,419</u>	<u>\$385,422,455</u>	<u>\$300,701,062</u>	<u>\$61,508,655</u>	<u>\$362,209,717</u>

Additional information on the City's capital assets can be found on note 5 on pages 51 through 54 of this report.

Long-term debt: The City had total bonded debt outstanding of \$248,978,410 as of June 30, 2010 and \$247,486,206 as of June 30, 2009. The full faith and credit of the City backs this entire amount. Of this amount \$34,369,458 relates to the business type activities.

During the current year the City's total debt increased by \$1,492,204. This resulted because the City incurred new debt totaling \$15,521,000 and pay downs totaled \$14,028,796 during the fiscal year ended June 30, 2010.

Additional information on the City's long-term debt can be found in note 12 on pages 64 through 70 of this report.

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2010

Economic Factors and Next Year's Budget and Rates

In the aftermath of the recession of 2008, State Aid has been reduced for 4 years starting with the midyear 9C3 cuts in the amount of \$ 2,789,923 that resulted in layoffs as the City met the challenge to balance the budget. That cut reduced State Aid in 2009 from 144.972 million down to 142.182 million. State Aid dropped to 134.271 million for 2010 and for 2011 it is 129.650 million. These reductions in State Aid have been a challenge to the City which has been met by a 10% reduction to the hours in the work week of all departments except Public Safety and the School Department in order to continue to provide essential services to the citizens while preserving jobs. The City is currently meeting the challenge of balancing the 2011 budget while preparing to meet another challenging budget year for 2012. The City did not raise the tax levy by the statutory 2 ½ percent for 2011 in order to foster economic stability in the commercial as well as residential tax base.

The City appropriated another \$ 485,884 in Free Cash to the Stabilization Fund in 2010 and had Free Cash at June 30, 2010 certified at \$ 3,199,535. The City has used reserves only for one time expenditures while dealing with decreases in revenue, and had a balance of 3.1 million in the Stabilization Fund at June 30, 2010, and the appropriation of another 3.2 million will bring the balance to 6.3 million. Maintaining a balance in reserves has been a priority while dealing with a difficult economic downturn, and the City has implemented hiring and purchasing freezes combined with conservative estimating of local receipts to prevent deficits in both revenues and expenses.

New Bedford continues to rank as the top-grossing fishing port in the nation in terms of catch value for a total of nearly \$ 250 million in landings and a yield of approximately \$1 billion in benefit to the local economy. This is according to analysis of 2009 data and is about \$ 90 million more than any other fishing port in the Country.

While the number of building permits dropped in 2010, from 2,183 to 1,516, the value of the permits dramatically increased from 37.9 million to 76.3 million due to several large projects. These included the Market basket Supermarket at former Fairhaven Mills site, the 100 plus room Hotel on the waterfront and the complete renovations of the Regency Apartment complex downtown. Additionally two branch banks were constructed in the north end of the City. The increase to the tax base from the new Hotel will begin in 2013 and the Market basket and Bank branches will show up in 2012. The tax base on the Regency will stay about the same as the value is based upon net income capitalized. The new Hotel on the waterfront is doing well as has been noted in the increase in Hotel Tax filtering back to the City via the State. Construction is almost complete on an apartment complex in the far north end called Victoria River Walk.

The City continues to work with the state and federal governments to establish commuter rail service from Boston to New Bedford, a priority infrastructure project that will greatly enhance economic development opportunities. In September 2009, the Executive Office of Transportation submitted an ARRA TIGER Discretionary Grant for \$71.4 million to build a new transportation hub near the waterfront and downtown. Construction will begin in the summer of 2010 with a \$22 million, 18-month project to refurbish multiple freight rail bridges in New Bedford. Construction on the bridges is currently under way.

CITY OF NEW BEDFORD, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2010

Economic Factors and Next Year's Budget and Rates (continued):

The City is continuing to engage in significant economic development planning initiatives including the conclusion of the following items:

- Citywide Master Plan (now concluded and zoning ordinances are being updated to demonstrate consistency with the Master plan)
- Downtown Land-use & Retail Plan (now completed)
- Harbor Master Plan Update (now completed)
- South End Gateway Access Plan (now completed)
- North End International Market Place (planning complete)
- Quest Center & Armory Neighborhood Land Use Study (in progress)
- Acushnet River Walk (under design development)
- New Bedford Marine Terminal to be constructed at the south terminal on the waterfront as the first port facility in the United States to be specifically designed for the assembly and installation of offshore wind turbines. Construction begins in the summer of 2011 and is expected to create as many as 1,000 jobs.

These important economic development initiatives should work towards increasing the property tax base and other revenue streams to the City of New Bedford.

Requests for Information

This financial report is designed to provide a general overview of the City of New Bedford, Massachusetts' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Auditor, 133 Williams Street, New Bedford, Massachusetts.

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Net Assets

June 30, 2010

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Greater New Bedford Regional Refuse Management District	Non Major Component Units	Total Component Units
ASSETS						
Unrestricted cash and investments	\$ 47,490,059	\$ 2,987,684	\$ 50,477,743	\$ 708,907	\$ 1,090,171	\$ 1,799,078
Restricted cash and investments	4,536,494		4,536,494	15,584,506		15,584,506
Accounts receivable, net of allowance	29,163,779	803,438	29,967,217	782,974	1,281,145	2,064,119
Taxes receivable, net	26,203,672		26,203,672			
Loan receivable, net	16,268,130		16,268,130			
Health plan contributions receivable, net	26,730		26,730			
Due from other funds	4,781,579		4,781,579			
Investments in property						
Due from other governments				60,679		60,679
Receivable from external parties	2,172,102		2,172,102		49,078	49,078
Inventories and prepaid expenses	328,580	288,575	617,155	17,538	102,554	120,092
Other assets - current	307,684		307,684		191,434	191,434
Deferred advance refunding, net of amortization	1,181,510		1,181,510			
Other assets – noncurrent:				52,473		52,473
Capital assets:						
Land	3,152,935	735,522	3,888,457	6,091,402	1,370,077	7,461,479
Landfill				3,600,373		3,600,373
Construction in progress	47,048,892		47,048,892	5,338,664	16,477,255	21,815,919
Infrastructure in progress	3,494,090	849,677	4,343,767			
Easements		962,500	962,500			
Land improvements, net	316,754	557,206	873,960	122,903	116,071	238,974
Leasehold improvements, net					380,824	380,824
Infrastructure, net	46,464,328	54,775,578	101,239,906			
Building and improvements, net	204,955,852	1,672,086	206,627,938	150,109	5,778,886	5,928,995
Office equipment and furniture, net	1,588,827	20,762	1,609,589	8,097	4,986	13,083
Computer equipment, net	1,269,919	48,525	1,318,444	5,798		5,798
Library books and textbooks, net	955,391		955,391			
Automobiles, net	1,795,638	140,307	1,935,945		67,237	67,237
Machinery and equipment, net	9,778,694	4,814,256	14,592,950	755,632	23,917	779,549
Animals, net	24,716		24,716			
Total capital assets	<u>320,846,036</u>	<u>64,576,419</u>	<u>385,422,455</u>	<u>16,072,978</u>	<u>24,219,253</u>	<u>40,292,231</u>
Total assets	<u>\$ 453,306,355</u>	<u>\$ 68,656,116</u>	<u>\$ 521,962,471</u>	<u>\$ 33,280,055</u>	<u>\$ 26,933,635</u>	<u>\$ 60,213,690</u>

The accompanying notes are an integral part of this statement

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Net Assets

June 30, 2010

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Greater New Bedford Regional Refuse Management District	Non Major Component Units	Total Component Units
LIABILITIES						
Accounts payable and accrued expenses	\$ 22,434,169	\$ 356,912	\$ 22,791,081	\$ 92,847	\$ 712,355	\$ 805,202
Retainage payable	1,444,722		1,444,722			
Due to other governments	286,430		286,430	60,679	2,836	63,515
Intra-entity payable					2,199,193	2,199,193
Due to other funds	5,130,946		5,130,946			
Payable to external parties					73,989	73,989
Accrued interest	3,095,817	466,399	3,562,216		29,441	29,441
Deposits held	162,554		162,554		17,500	17,500
Payroll withholdings	136,381		136,381			
Deferred revenues					553,957	553,957
Other liabilities	584,597	110	584,707		78,228	78,228
Long-term liabilities:						
Portion due or payable within one year:						
Claims incurred but not reported	3,740,782		3,740,782			
Deposits held in custody				146,286		146,286
Bonds and notes payable	40,463,380	1,660,997	42,124,377	450,000		450,000
Compensated absences	5,596,707	234,241	5,830,948		13,427	13,427
Portion due or payable in more than one year:						
Accrued closure/post closure costs				6,607,771		6,607,771
Bonds and notes payable	186,146,899	32,244,316	218,391,215	946,777		946,777
Other post-employment benefit liability	58,845,630	625,439	59,471,069	863,122		863,122
Compensated absences	10,833,216	229,904	11,063,120		120,847	120,847
Total liabilities	<u>\$ 338,902,230</u>	<u>\$ 35,818,318</u>	<u>\$ 374,720,548</u>	<u>\$ 9,167,482</u>	<u>\$ 3,801,773</u>	<u>\$ 12,969,255</u>
NET ASSETS						
Invested in capital assets, net of related debt	\$ 91,139,940	\$ 30,204,707	\$ 121,344,647	\$ 14,728,674	\$ 23,053,343	\$ 37,782,017
Restricted for:						
Debt service	2,900,576		2,900,576			
Debt premium	605,351		605,351			
Capital projects	(16,525,571)		(16,525,571)			
Special revenue	12,807,587		12,807,587			
Non-expendable bequests	5,127,411		5,127,411			
Appropriation deficits	1,785		1,785			
Other purposes	1,637,168		1,637,168	8,334,462	(1,291,586)	7,042,876
Unrestricted	16,709,878	2,633,091	19,342,969	1,049,437	1,370,105	2,419,542
Total net assets	<u>\$ 114,404,125</u>	<u>\$ 32,837,798</u>	<u>\$ 147,241,923</u>	<u>\$ 24,112,573</u>	<u>\$ 23,131,862</u>	<u>\$ 47,244,435</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Activities

June 30, 2010

	Program Revenues					Net (Expense) Revenue and Changes in Net Assets					
						Primary Government			Component Units		
		Indirect Expense Allocated	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total	Greater New Bedford Regional District	Nonmajor Component Units	Total Component Units
	Expenses										
Governmental Activities:											
General government	\$ 5,787,298	\$ 2,305,249	\$ 5,486,649	\$ 103,894	\$ 167,523	\$(2,334,481)	\$	\$(2,334,481)	\$	\$	\$
Public safety	49,124,024	13,706,449	6,597,672	3,438,822	496,335	(52,297,644)		(52,297,644)			
Public Infrastructure	10,694,147	339,103				(11,033,250)		(11,033,250)			
Public works	29,469,432	1,921,580	17,990,023	9,075,618	4,602,434	277,063		277,063			
Health and human services	6,227,541	3,441,140	4,249,487	2,129,355		(3,289,839)		(3,289,839)			
Education	190,172,156	49,773,796	3,923,994	59,398,712	9,659,562	(166,963,684)		(166,963,684)			
Community and economic development	7,660,218		631,585	8,087,957	251,056	1,310,380		1,310,380			
Culture and recreation	5,728,848	1,299,867	1,099,930	384,328	27,951	(5,516,506)		(5,516,506)			
Municipal airport	3,996		(18,284)	567,096	12,995	557,811		557,811			
Pension benefits	22,224,935	(22,224,935)									
Health and other insurance	50,562,249	(50,562,249)									
Miscellaneous											
State and county charges	6,687,713					(6,687,713)		(6,687,713)			
Debt service:											
Administrative fees	63,113					(63,113)		(63,113)			
Interest and fiscal charges	9,399,343					(9,399,343)		(9,399,343)			
Total governmental activities	393,805,013		39,961,056	83,185,782	15,217,856	(255,440,319)		(255,440,319)			
Business-Type Activities:											
Water	8,694,380		9,385,876				691,496	691,496			
Airport	850,492		684,091				(166,401)	(166,401)			
Total business-type activities	9,544,872		10,069,967				525,095	525,095			
Total primary government	403,349,885		50,031,023	83,185,782	15,217,856	(255,440,319)	525,095	(254,915,224)			
Component Units:											
Greater New Bedford Regional Refuse Management District	4,038,748		4,619,646						580,898		580,898
Non-major component units	9,817,734		1,697,545	7,313,657	1,504,929					698,397	698,397
Total component units	13,856,482		6,317,191	7,313,657	1,504,929				580,898	698,397	1,279,295
Total City of New Bedford	\$ 417,206,367	\$	\$ 56,348,214	\$ 90,499,439	\$ 16,722,725	\$(255,440,319)	\$ 525,095	\$(254,915,224)	\$ 580,898	\$ 698,397	\$ 1,279,295

The accompanying notes are an integral part of this statement

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Activities

June 30, 2010

	Net (Expense) Revenue and Changes in Net Assets					
	<i>Primary Government</i>			<i>Component Units</i>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Greater New Bedford Regional District</u>	<u>Nonmajor Component Units</u>	<u>Total Component Units</u>
General revenues:						
Real estate and personal property, net of reserve for abatements	\$ 89,256,010	\$	\$ 89,256,010			
Motor vehicle and other excise taxes	5,821,484		5,821,484			
School building assistance	24,404,955		24,404,955			
Distribution - School Aid	108,732,371		108,732,371			
Distribution - Lottery	20,267,970		20,267,970			
Exemptions - Veteran's blind, surviving spouse & elderly	538,592		538,592			
State owned land	29,817		29,817			
Tax foreclosures	3,326,222		3,326,222			
Penalties and interest on taxes	1,340,464		1,340,464			
Fines and forfeitures	201,354		201,354			
Earnings on investments	1,331,764		1,331,764	749,055	3,376	752,431
Payments in lieu of taxes	208,854		208,854			
Contributions and donations	14,282,430		14,282,430			
Miscellaneous	<u>5,572,855</u>	<u>226,299</u>	<u>5,799,154</u>		<u>10,257</u>	<u>10,257</u>
Total general revenues	<u>275,315,142</u>	<u>226,299</u>	<u>275,541,441</u>	<u>749,055</u>	<u>13,633</u>	<u>762,688</u>
Transfers/Special Items:						
Transfer between funds - operating	1,990,491	(1,990,491)				
Special item – Transfer of Capital Asset net of debt from Governmental activities - Airport	(595,255)	595,255				
Special item – Transfer of capital asset net of debt from Governmental activities – Water	5,572,284	(5,572,284)				
Special Item – Litigation Settlement					211,728	211,728
Special item – Proceeds from advance refunding	<u>554,000</u>	<u>16,000</u>	<u>570,000</u>			
Change in net assets	27,396,343	(6,200,126)	21,196,217	1,329,953	923,758	2,253,711
Net assets-beginning, restated	<u>87,007,782</u>	<u>39,037,924</u>	<u>126,045,706</u>	<u>22,782,620</u>	<u>22,208,104</u>	<u>44,990,724</u>
Net assets-ending	<u>\$ 114,404,125</u>	<u>\$ 32,837,798</u>	<u>\$ 147,241,923</u>	<u>\$ 24,112,573</u>	<u>\$ 23,131,862</u>	<u>\$ 47,244,435</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Balance Sheet
Governmental Funds

June 30, 2010

	<u>General Fund</u>	<u>Wastewater Fund</u>	<u>Stabilization</u>	<u>Non-Major Governmental Funds</u>	<u>Governmental Funds</u>
ASSETS					
Cash and investments, unrestricted	\$ 17,050,754	\$ 6,547,061	\$ 4,679,815	\$ 15,980,948	\$ 44,258,578
Cash, restricted		4,536,494			4,536,494
Receivables, net:					
Real estate and personal property taxes	4,679,969				4,679,969
Tax liens and foreclosures	19,991,349				19,991,349
Motor vehicle and boat excise	1,566,562				1,566,562
User charges receivables		1,132,051			1,132,051
Departmental and other	6,038,219	50,015			6,088,234
Loans receivable				19,618,364	19,618,364
Other receivables	363,883			413,227	770,110
Special assessments	1,914	305,770			307,684
Due from federal or state government	1,353,410			20,854,523	22,207,933
Due from other funds	2,734,801	371,089		63,189	3,169,079
Due from external parties	2,172,102				2,172,102
Inventories		81,662			81,662
Land inventory				246,918	246,918
Total assets	<u>\$ 55,952,963</u>	<u>\$ 13,024,142</u>	<u>\$ 4,679,815</u>	<u>\$ 57,177,169</u>	<u>\$ 130,834,089</u>
LIABILITIES AND FUND BALANCES (DEFICITS)					
Liabilities:					
Warrants payable	\$ 2,600,933	\$ 1,266,651	\$	\$ 3,681,559	\$ 7,549,143
Accounts payable and accrued expenses	11,280,455	23,124		3,575,606	14,879,185
Retainage payable				1,444,722	1,444,722
Bonds and notes payable				28,431,250	28,431,250
Interim loan payable					
Due to other funds	2,033,814	3,045,702		51,430	5,130,946
Due to external parties					
Deposits held				162,554	162,554
Intra-entity payable					
Due to other governments				286,430	286,430
Payroll withholdings	136,381				136,381
Other liabilities	558,649			25,948	584,597
Deferred revenue	<u>21,786,247</u>	<u>1,487,836</u>		<u>21,344,457</u>	<u>44,618,540</u>
Total liabilities	<u>38,396,479</u>	<u>5,823,313</u>		<u>59,003,956</u>	<u>103,223,748</u>
Fund balances (deficits):					
Reserved for:					
Encumbrances	2,039				2,039
Debt Service		2,900,576			2,900,576
Non expendable bequests				5,127,411	5,127,411
Inventory					
Debt premium	605,351				605,351
Appropriation deficit	(10,617)				(10,617)
Other specific purposes	1,250	1,635,918			1,637,168
Unreserved	16,958,461	2,664,335			19,622,796
Undesignated, reported in nonmajor:					
Special revenue funds			4,679,815	8,127,772	12,807,587
Capital project funds				(16,525,571)	(16,525,571)
Permanent funds				1,443,601	1,443,601
Total fund balances (deficits)	<u>17,556,484</u>	<u>7,200,829</u>	<u>4,679,815</u>	<u>(1,826,787)</u>	<u>27,610,341</u>
Total liabilities and fund balances	<u>\$ 55,952,963</u>	<u>\$ 13,024,142</u>	<u>\$ 4,679,815</u>	<u>\$ 57,177,169</u>	<u>\$ 130,834,089</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

For the Year Ended June 30, 2010

	<u>General Fund</u>	<u>Wastewater Fund</u>	<u>Stabilization</u>	<u>Non-Major Governmental Funds</u>	<u>Governmental Funds</u>
REVENUE					
Real estate and personal property taxes	\$ 88,855,232	\$	\$	\$	\$ 88,855,232
Motor vehicle and other excise taxes	5,660,486				5,660,486
School Building Authority reimbursement				24,404,955	24,404,955
Tax liens and foreclosures	1,675,949				1,675,949
Penalties and interest on taxes	1,340,464				1,340,464
Licenses and permits	2,289,056				2,289,056
Fines and forfeitures	201,354				201,354
Investment income	143,933	143,098	111,856	932,877	1,331,764
Intergovernmental - operating grants	160,877,131	6,289,399		45,441,232	212,607,762
Intergovernmental - capital grants	2,459,562			12,759,789	15,219,351
Charges for services	14,978,510	18,197,398		2,350,244	35,526,152
Other - indirect	1,065,500				1,065,500
Special assessments and betterments	291				291
Payments in lieu of taxes	208,854				208,854
Miscellaneous	<u>624,957</u>	<u>425,206</u>		<u>4,551,902</u>	<u>5,602,065</u>
Total revenues	<u>280,381,279</u>	<u>25,055,101</u>	<u>111,856</u>	<u>90,440,999</u>	<u>395,989,235</u>
EXPENDITURES					
General government	8,735,973			2,112,670	10,848,643
Public safety	37,845,282			4,265,418	42,110,700
Public Infrastructure				9,782,233	9,782,233
Education	137,847,243		60	60,627,275	198,474,578
Public works	14,828,235	10,988,209		4,503,254	30,319,698
Community and economic development				7,671,419	7,671,419
Health and human services	4,085,111			1,159,409	5,244,520
Municipal airport				599,251	599,251
Culture and recreation	3,862,809			801,555	4,664,364
Pension benefits	22,224,935				22,224,935
Health and other insurance	38,995,217				38,995,217
State and county charges	6,687,713				6,687,713
Debt service:					
Principal payments	5,473,600	6,715,550			12,189,150
Interest and fiscal charges	<u>3,885,095</u>	<u>5,502,742</u>			<u>9,387,837</u>
Total expenditures	<u>284,471,213</u>	<u>23,206,501</u>	<u>60</u>	<u>91,522,484</u>	<u>399,200,258</u>
Excess (deficiency) of revenues over expenditures	<u>(4,089,934)</u>	<u>1,848,600</u>	<u>111,796</u>	<u>(1,081,485)</u>	<u>(3,211,023)</u>
OTHER FINANCING SOURCES (USES)					
Bond proceeds				15,521,000	15,521,000
Transfers in	5,349,020	4,885,379	485,879	609,475	11,329,753
Transfers out	<u>(739,268)</u>	<u>(6,028,764)</u>	<u>(2,384,420)</u>	<u>(186,810)</u>	<u>(9,339,262)</u>
Total other financing sources and (uses)	<u>4,609,752</u>	<u>(1,143,385)</u>	<u>(1,898,541)</u>	<u>15,943,665</u>	<u>17,511,491</u>
Net change in fund balances	519,818	705,215	(1,786,745)	14,862,180	14,300,468
Fund balances-beginning, restated	<u>17,036,666</u>	<u>6,495,614</u>	<u>6,466,560</u>	<u>(16,688,967)</u>	<u>13,309,873</u>
Fund balances-ending	<u>\$ 17,556,484</u>	<u>\$ 7,200,829</u>	<u>\$ 4,679,815</u>	<u>\$(1,826,787)</u>	<u>\$ 27,610,341</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Reconciliation of the Governmental Funds Balance Sheet
Total Fund Balances to the Statement of Net Assets

June 30, 2010

Total governmental fund balances	\$ 27,610,341
Record allowance for doubtful accounts that are financial resources, for the governmental funds.	(4,425,991)
Record advance refunding and related amortization that is not reported in the Governmental funds	1,181,510
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	320,846,035
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	44,618,540
Internal service funds are used by management to account for health insurance and workers' compensation activities.	
The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Assets.	1,124,088
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(3,095,817)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Bonds and notes payable	(198,179,028)
Compensated absences	(16,429,923)
Other postemployment benefits	<u>(58,845,630)</u>
Net assets of governmental activities	<u>\$ 114,404,125</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances of to the Statement of Activities

For the Year Ended June 30, 2010

Net change in fund balances - total governmental funds	\$ 14,300,468
To record allowance for doubtful accounts that are resources for governmental funds	555,661
To record advance refunding and related amortization that is not recorded in the Governmental funds	358,309
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	20,144,974
Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.	2,852,510
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	7,304,885
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	184,185
The other postemployment benefit expense reported in the statement of activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds.	(21,348,146)
Some expenses reported in the Statement of Activities, such as compensated absences, do not require current financial resources and, therefore, are not reported as expenditures in the governmental funds.	328,099
Internal service funds are used by management to account for health insurance and workers' compensation activities.	
The net activity of internal service funds is reported with governmental activities	<u>2,715,398</u>
Change in net assets of governmental activities	<u>\$ 27,396,343</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Net Assets and Changes in Net Assets
Proprietary Funds

June 30, 2010

	Business-Type Activities			Governmental Activities- Internal Service Funds
	Water	Airport	Total	
ASSETS				
Current assets:				
Cash and short-term investments	\$ 2,937,941	\$ 49,743	\$ 2,987,684	\$ 3,231,481
User charges receivables, net	754,618		754,618	
Other receivables, net	29,418	19,402	48,820	
Due from other funds				1,612,500
Deposits with others				26,730
Inventory	288,575		288,575	
Other assets				
Total current assets	<u>4,010,552</u>	<u>69,145</u>	<u>4,079,697</u>	<u>4,870,711</u>
Non-current assets:				
Land	600,000	135,522	735,522	
Easements	962,500		962,500	
Infrastructure in progress	849,677		849,677	
Infrastructure, net	50,076,890	4,698,688	54,775,578	
Land improvements, net		557,206	557,206	
Building and improvements, net	44,105	1,627,981	1,672,086	
Machinery and equipment, net	4,526,330	287,926	4,814,256	
Office equipment and furniture, net	20,538	224	20,762	
Computer equipment, net	11,845	36,680	48,525	
Automobiles, net	<u>102,952</u>	<u>37,355</u>	<u>140,307</u>	
Total non-current assets	<u>57,194,837</u>	<u>7,381,582</u>	<u>64,576,419</u>	
Total assets	<u>\$ 61,205,389</u>	<u>\$ 7,450,727</u>	<u>\$ 68,656,116</u>	<u>\$ 4,870,711</u>
LIABILITIES				
Current liabilities:				
Warrants payable	\$ 34,024	\$	\$ 34,024	\$ 5,841
Accounts payable and accrued expenses	312,946	9,942	322,888	
Accrued interest	466,399		466,399	
Bonds payable	1,660,997		1,660,997	
Capital leases				
Compensated absences	220,090	14,151	234,241	
Due to other funds				
Deferred revenue				
Other liabilities	110		110	
Claims incurred but not reported				<u>3,740,782</u>
Total current liabilities	<u>2,694,566</u>	<u>24,093</u>	<u>2,718,659</u>	<u>3,746,623</u>
Non-current liabilities:				
Bonds payable	32,244,316		34,244,316	
Capital leases				
Compensated absences	211,157	18,747	229,904	
Other post-employment liability	<u>553,728</u>	<u>71,711</u>	<u>625,439</u>	
Total non-current liabilities	<u>33,009,201</u>	<u>90,458</u>	<u>33,099,659</u>	
Total liabilities	<u>\$ 35,703,767</u>	<u>\$ 114,551</u>	<u>\$ 35,818,318</u>	<u>\$ 3,746,623</u>
NET ASSETS				
Investment in capital assets, net of related debt	\$ 22,823,125	\$ 7,381,582	\$ 30,204,707	\$
Restricted				
Reserved for revenue deficit				
Unrestricted	<u>\$ 2,678,497</u>	<u>(45,406)</u>	<u>2,633,091</u>	<u>1,124,088</u>
Total net assets	<u>\$ 25,501,622</u>	<u>\$ 7,336,176</u>	<u>\$ 32,837,798</u>	<u>\$ 1,124,088</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds

For the Year Ended June 30, 2010

	Business-Type Activities			Governmental Activities- Internal Service Funds
	Water	Airport	Total	
OPERATING REVENUES				
Charges for services	\$ 9,202,455	\$ 684,091	\$ 9,886,546	\$
Utility liens and penalties	183,421		183,421	
Contributions (employee & employer)				48,983,525
Miscellaneous	<u>226,299</u>	<u></u>	<u>226,299</u>	<u></u>
Total operating revenues	<u>9,612,175</u>	<u>684,091</u>	<u>10,296,266</u>	<u>48,983,525</u>
OPERATING EXPENSES				
Salaries and benefits	2,897,233	325,356	3,222,589	31,210
Services and supplies	2,566,626	160,566	2,727,192	54,721
Capital Outlay	(22,642)		(22,642)	
Depreciation expense	2,308,631	364,570	2,673,201	
Health & other insurance	<u></u>	<u></u>	<u></u>	<u>46,182,196</u>
Total operating expenses	<u>7,749,848</u>	<u>850,492</u>	<u>8,600,340</u>	<u>46,268,127</u>
Operating income (loss)	<u>1,862,327</u>	<u>(166,401)</u>	<u>1,695,926</u>	<u>2,715,398</u>
NONOPERATING REVENUES (EXPENSES)				
Debt service - principal payments				
Debt service - interest payments	<u>(944,532)</u>	<u></u>	<u>(944,532)</u>	<u></u>
Total nonoperating revenue (expenses)	<u>(944,532)</u>	<u></u>	<u>(944,532)</u>	<u></u>
Income (loss) before transfers	<u>917,795</u>	<u>(166,401)</u>	<u>751,394</u>	<u>2,715,398</u>
TRANSFERS				
Proceeds from advance refunding	16,000		16,000	
Transfers In – operating		44,798	44,798	
Transfers out – operating	(1,849,977)	(185,312)	(2,035,289)	
Transfers in – capital	5,053,966	595,255	5,649,221	
Transfers out – capital	<u>(10,626,250)</u>	<u></u>	<u>(10,626,250)</u>	<u></u>
Total Transfers	<u>(7,406,261)</u>	<u>454,741</u>	<u>(6,951,520)</u>	<u>438,077</u>
Change in net assets	<u>(6,488,466)</u>	<u>288,340</u>	<u>(6,200,126)</u>	<u>2,715,398</u>
Total net assets-beginning, restated	<u>31,990,088</u>	<u>7,047,836</u>	<u>39,037,924</u>	<u>(1,591,310)</u>
Total net assets-ending	<u>\$ 25,501,622</u>	<u>\$ 7,336,176</u>	<u>\$ 32,837,798</u>	<u>\$ 1,124,088</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Cash Flows Proprietary Funds

For the Year Ended June 30, 2010

	<u>Business-Type Activities</u>			<u>Governmental Activities- Internal Service Funds</u>
	<u>Water</u>	<u>Airport</u>	<u>Total</u>	
Cash flows from operating activities:				
Cash received from employee and employer contributions and governmental units	\$	\$	\$	\$ 48,874,799
Cash received from customers	9,606,742	695,851	10,302,593	
Payments from/(to) suppliers and employees	(5,220,830)	(473,425)	(5,694,255)	(47,084,323)
Internal activity-payments from (to) other funds	(212,694)		(212,694)	(260,218)
Net cash provided (used) by operating activities	<u>4,173,218</u>	<u>222,426</u>	<u>4,395,644</u>	<u>1,530,258</u>
Cash flows from noncapital financing activities:				
Transfers in (out)	(1,833,977)	454,741	(1,379,236)	
Net cash provided (used) by noncapital financing activities	(1,833,977)	454,741	(1,379,236)	
Cash flows from capital and related financing activities:				
Purchases and construction of capital assets	(1,515,314)	(603,124)	(2,118,438)	
Interest paid on capital debt	(719,551)		(719,551)	
Net cash provided (used) by capital and related financing activities	(2,234,865)	(603,124)	(2,837,989)	
Cash flows from investing activities:				
Interest and dividends				
Net cash used by investing activities				
Net increase in cash and cash equivalents	104,376	74,043	178,419	1,530,258
Balances-beginning of the year	<u>2,833,565</u>	<u>(24,300)</u>	<u>2,809,265</u>	<u>1,701,223</u>
Balances-end of the year	<u>\$ 2,937,941</u>	<u>\$ 49,743</u>	<u>\$ 2,987,684</u>	<u>\$ 3,231,481</u>
Displayed as:				
Cash and short-term investments	<u>\$ 2,937,941</u>	<u>\$ 49,743</u>	<u>\$ 2,987,684</u>	<u>\$ 3,231,481</u>
Total cash and short-term investments	<u>\$ 2,937,941</u>	<u>\$ 49,743</u>	<u>\$ 2,987,684</u>	<u>\$ 3,231,481</u>

The accompanying notes are an integral part of this statement

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CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Cash Flows
Proprietary Funds

For the Year Ended June 30, 2010

	<u>Business-Type Activities</u>			<u>Governmental Activities- Internal Service Funds</u>
	<u>Water</u>	<u>Airport</u>	<u>Total</u>	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 1,862,327	\$(166,401)	\$ 1,695,926	\$ 2,715,398
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	2,308,631	364,570	2,673,201	
Change in assets and liabilities:				
(Increase) decrease in user charges receivables, net	88,506		88,506	
(Increase) decrease in utility liens	(94,627)		(94,627)	
(Increase) decrease other receivables, net	688	11,760	12,448	
(Increase) decrease other assets	2,212		2,212	
(Increase) decrease due from other funds				(81,996)
(Increase) decrease inventory, net	25,369		25,369	
(Increase) decrease in escrow funds held				(26,730)
Increase (decrease) warrants and accounts payable	36,704	3,263	39,967	(816,196)
Increase (decrease) in other post-employment benefits	207,348	27,428	234,776	
Increase (decrease) in due to other funds	(212,694)		(212,694)	
Increase (decrease) in capital leases	(22,642)		(22,642)	
Increase (decrease) compensated absences	(28,602)	(18,194)	(46,796)	
Increase (decrease) other liabilities	(2)		(2)	
Increase (decrease) in incurred but not reported	<u> </u>	<u> </u>	<u> </u>	<u>(260,218)</u>
Net cash provided (used) by operating activities	<u>\$ 4,173,218</u>	<u>\$ 222,426</u>	<u>\$ 4,395,644</u>	<u>\$ 1,530,258</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Fiduciary Net Assets
Fiduciary Funds and Similar Component Units

June 30, 2010

	<u>Pension Trust Fund (As of December 31, 2009)</u>	<u>Private Purpose Trust Funds</u>	<u>Agency</u>	<u>Total</u>
Assets				
Cash and short-term investments	\$ 6,700,600	\$ 12,186	\$ 4,352,310	\$ 11,065,096
Investments	196,396,135			196,396,135
Receivables, net of allowance or uncollectable:				
Employee	1,352			1,352
Interest and dividends	465,412			465,412
Other	600,287		388,035	988,322
Due from external parties - primary government			353,176	353,176
Due from other governments	<u>3,008,406</u>	<u></u>	<u></u>	<u>3,008,406</u>
Total assets	<u>\$ 207,172,192</u>	<u>\$ 12,186</u>	<u>\$ 5,093,521</u>	<u>\$ 212,277,899</u>
Liabilities				
Warrants payable	\$	\$	\$ 17,431	\$ 17,431
Accounts payable and accrued expenses	827,764		493,920	1,321,684
Payable to external parties - primary government			3,809	3,809
Deposits held	<u>1,561,488</u>	<u></u>	<u>4,578,361</u>	<u>6,139,849</u>
Total liabilities	<u>2,389,252</u>	<u></u>	<u>5,093,521</u>	<u>7,482,773</u>
Net Assets				
Held in trust for pension benefits and other purposes	<u>\$ 204,782,940</u>	<u>\$ 12,186</u>	<u>\$</u>	<u>\$ 204,795,126</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Statement of Changes in Fiduciary Net Assets Fiduciary Funds and Similar Component Units

For the Year Ended June 30, 2010

	Pension Trust Fund (As of December 31, 2009)	Private Purpose Trust Funds	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 24,229,827	\$	\$ 24,299,827
Employee	7,841,068		7,841,068
Miscellaneous Income	<u>5,482</u>		<u>5,482</u>
Total contributions	<u>32,146,377</u>		<u>32,146,377</u>
Net investment income:			
Dividends and interest	5,287,380	357	5,287,737
Net appreciation in fair value of investments	24,241,243	4,879	24,246,122
Gain (loss) on sale of investments	<u>2,429,403</u>	<u>(3,929)</u>	<u>2,425,474</u>
Total investment income	31,958,026	1,307	31,959,333
Less investment expense	<u>1,276,855</u>		<u>1,272,855</u>
Net investment income	30,681,171	1,307	30,682,478
Intergovernmental	<u>1,418,262</u>		<u>1,418,262</u>
Total Additions	<u>64,245,810</u>	<u>1,307</u>	<u>64,247,117</u>
Deductions:			
Retirement benefits	33,375,931		33,375,931
Administration	410,052	334	410,386
Transfers, reimbursements and refunds	<u>3,168,656</u>		<u>3,168,656</u>
Total Deductions	<u>36,954,639</u>	<u>334</u>	<u>36,954,973</u>
Change in Net Assets	27,291,171	973	27,292,144
Net Assets at Beginning of Year	<u>177,491,769</u>	<u>11,213</u>	<u>177,502,982</u>
Net Assets at End of Year	<u>\$ 204,782,940</u>	<u>\$ 12,186</u>	<u>\$ 204,795,126</u>

The accompanying notes are an integral part of this statement

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

1. Summary of Significant Accounting Policies

The accompanying basic financial statements of the City of New Bedford (the City) are presented in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

A. Reporting Entity

The City is a Massachusetts municipal corporation with a Mayor-Council form of government. These financial statements present the City (the primary government) and its component units. The component units are legally separate entities that are included in the City's reporting entity because of the significance of their operating or financial relationships with the City.

Discretely Presented Component Units:

This component unit is reported in a separate column to emphasize that it is legally separate from the City, but is included because the City is financially accountable for and is able to impose its will on the organization. Unless otherwise indicated, the notes to the basic financial statements pertain to primary government because certain disclosures of the component unit are not significant relative to the primary government. A description of the component unit, criteria for inclusion and its relationship with the City is as follows:

Greater New Bedford Regional Refuse Management District is an inter-municipal landfill benefitting the City of New Bedford and the adjacent Town of Dartmouth. The Refuse District is governed by a six member committee, three of whom are appointed by the City and three of whom shall be appointed by the Town of Dartmouth. Although legally separate, the Greater New Bedford Regional Refuse Management District is reported on the government-wide financial statements as a component unit. Separate financial statements for the Greater New Bedford Regional Refuse Management District are not included in this financial statement presentation. These financial statements could be obtained by contacting the Greater New Bedford Regional Refuse Management District.

Blended Component Units:

The following component units have been presented as blended component units (included in the primary government) because the component unit provides services entirely or almost entirely for the benefit of the City.

The Harbor Development Commission was established under the Acts of 1957 as a Public Instrumentality to develop and market both the New Bedford Harbor as well as the waterfront properties. The Harbor Development Commission manages the local marina, harbors and waterways on behalf of the City. The Commission is made up of seven members, of which the mayor is the chairperson and six other appointed members. Although legally separate, the Harbor Development Commission is reported on the government-wide financial statements as a non-major component unit. Separate financial statements for the Harbor Development Commission are not included in this financial statement presentation. These financial statements could be obtained by contacting the Harbor Development Commission.

Department of Workforce Development Administration (DWDA)/New Directions was established pursuant to the Job Training Partnership Act of 1982, 29 U.S.C. Sec. 1501 et seq. to provide employment training programs to eligible individuals. Although legally separate, Department of Workforce Development Administration (DWDA) is reported on the government-wide financial statements as a non-major component unit. Separate financial statements for Department of Workforce Development Administration (DWDA) are not included in this financial statement presentation. These financial statements could be obtained by contacting New Directions.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

1. Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

The Redevelopment Authority was organized under the provisions of Massachusetts General Laws 121B. The purpose of the Authority is to engage in urban renewal projects and other related work. The Redevelopment Authority is reported on the government-wide financial statements as a non-major component unit. Separate financial statements for the Redevelopment Authority are not included in this financial statement presentation. These financial statements could be obtained by contacting the Redevelopment Authority.

The Contributory Retirement System (CRS) is a defined benefit contributory retirement plan covering employees of the City and certain other entities. The City Auditor is an ex-officio member of the System's Board and the City is the largest employer in the System. The Retirement System accounts for resources available to be used for payment of pension benefits. The Retirement System is reported on the Fiduciary Fund financial statements, as a similar component unit

Government-Wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's public safety, parks, library and recreation, public works, wastewater, and general administrative services are classified as governmental activities. The City's water and airport services are classified as business-type activities.

B. Government-Wide Statements

In the government-wide Statement of Net Assets, the governmental column is presented on a consolidated basis by column, and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (police, fire, public works, etc.). The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.)

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

1. Summary of Significant Accounting Policies (Continued)

B. Government-Wide Statements (Continued)

The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with function (police, public works, community and economic development, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. However, fiduciary funds are not included in the government-wide statements since these assets are held for the benefit of private parties and pension participants, and cannot be used to satisfy obligations of the primary government. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The net costs (by function) are normally covered by general revenue (property, sales taxes, intergovernmental revenues, interest income, etc.)

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities.

C. Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though fiduciary funds are excluded from the government-wide statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the financial statements. Non-major funds are aggregated and displayed in a single column.

Major Fund Criteria:

Major funds must be reported if the following criteria are met:

- If the total assets; liabilities, revenues or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities; etc.) for all funds of the category or type (total governmental or total enterprise funds) and,
- If the total assets, liabilities, revenues or expenditures/expense of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise combined.

Additionally, any other governmental or enterprise fund that management believes is of particular significance to the basic financial statements may be reported as a major fund.

Internal service funds and fiduciary funds are reported by fund type.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

1. Summary of Significant Accounting Policies (Continued)

C. Fund Financial Statements (Continued)

The following funds are used by the City:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of the financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

- a. **General fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. **Capital projects funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).
- d. **Permanent funds** contain resources that are legally restricted to the extent that only earnings may be used for purposes that support the reporting government's programs.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The accounting principles generally accepted in the United States applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

- a. **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods and services and the activity is financed with debt that is solely secured by a pledge of the net revenues, has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or establishes fees and charges based on a pricing policy designed to recover similar costs.
- b. **Internal service funds** are used to account for the financing of goods or services provided by an activity to other departments, funds or component units of the City on a cost-reimbursement basis.

Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

- a. **Private purpose trust funds** are used to account for trust arrangements, other than those properly reported in the permanent fund under which principal and investment income exclusively benefits individual, private organizations or other governments.
- b. **Agency funds** are used to account for assets held in a purely custodial capacity.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

1. Summary of Significant Accounting Policies (Continued)

C. Fund Financial Statements (Continued)

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category of the governmental and enterprise combined) for the determination of major funds.

The City's internal service fund is presented in the proprietary fund financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements.

The City's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

D. Measurement Focus and Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

The governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Under this basis of accounting and measurement focus, the City applies (a) all GASB pronouncements and (b) FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Financial Statement Amounts

Cash and Cash Equivalents

The City has defined cash and cash equivalents to include cash on hand, demand deposits and highly liquid investments with a maturity of three months or less when purchased.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

1. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

Investments

Investments, including deferred compensation and pension funds, are stated at fair value. Fair values are based on quotations from the national securities exchange. Purchases and sales of investments are recorded on the trade date. Transactions unsettled as of year-end are recorded as prepaid for securities purchased and as receivables for securities sold.

Real Estate, Personal Property Taxes, Tax Liens and Tax Foreclosures

Real and personal property taxes are based on values levied (assessed) and lienied as of each January 1st of every year. Real estate and personal property taxes levied are recorded as receivables in the fiscal year of the levy.

Real estate tax liens are processed six months after the close of the valuation year on delinquent properties and are recorded as receivables in the fiscal year they are processed.

Tax liens may be subject to foreclosure if the tax liens are not paid in accordance with the period required by the law (M.G.L. Ch.60, §50). Foreclosure proceedings are processed by the Treasurer or other tax lien custodian. Foreclosed properties can be then sold through advertised public auction or held for use by the City.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectible is not reported.

Personal property taxes cannot be secured through the lien process. The allowance for uncollectible is estimated based on historical trends and specific account analysis.

Motor Vehicle Excise

Motor vehicle excise taxes are assessed annually for each vehicle registered and are recorded as receivables in the fiscal year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

The allowance for uncollectible is estimated based on historical trends and specific account analysis.

Departmental and Other

Departmental and other receivables consist primarily of public safety details and emergency management service fees that are recorded as receivables in the fiscal year accrued. The allowance of uncollectible is estimated based on historical trends and specific account analysis.

Usage Receivables

Receivables are recorded at net realizable value when earned under the accrual basis and modified basis of accounting. The allowance of uncollectible is based on historical trends and specific account analysis.

Special Assessments

The costs incurred on completed special projects that have been assessed to the benefitted taxpayers which have not been paid. These receivables are considered 100% collectible and therefore do not report an allowance for uncollectible.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

1. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

Real Estate, Personal Property Taxes, Tax Liens and Tax Foreclosures (Continued)

Intergovernmental

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectible.

Loans

The City administers loan programs that provide housing assistance to residents and capital needs assistance for small businesses. Upon issuance, a receivable is recorded for the principal amount of the loan.

The allowance for uncollectible is based on historical trends and specific account analysis.

Inventory

The cost of supplies and other inventory items as recorded is an expenditure at the time of purchase (purchase method). Inventory balances were on hand at June 30, 2010 and are included in the highway, water and wastewater funds.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, curbs, gutters, streets, sidewalks, and drainage systems) are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets purchased or acquired with an aggregated original cost of \$10,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Net interest costs related to construction projects are capitalized during the related period. Such costs were not considered material during fiscal 2010. Donated capital assets are valued at their estimated fair value at the time recorded.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not included in fixed assets.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

1. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

Capital Assets (Continued)

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building	20-50 years
Water and sewer system	30-50 years
Other infrastructure	10-50 years
Improvements	10-20 years
Machinery and equipment	5-10 years

GASB No. 34 required the City to report and depreciate new infrastructure assets effective June 30, 2002. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical cost nor related depreciation had historically been reported in the financial statements. The retroactive reporting of infrastructure was subject to an extended implementation period and was first effective for fiscal year ending 2007.

Governmental Fund Financial Statements

Capital assets costs are recorded as expenditures in the acquiring fund in the fiscal year of the purchase.

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources are reported as expenditures and fund liabilities.

Long-Term Debt

Long-term debt is reported as liabilities in the government-wide and propriety fund statement of net assets. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

Deferred Revenue

Deferred revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criteria in accordance with the current financial resources measurement focus and the modified accrual basis of accounting.

Compensated Absences

Employees are granted sick and vacation leave in varying amounts. Upon retirement, termination or death, eligible employees are compensated for unused sick and vacation leave (subject to certain limitations) at specific payment rates established by controls, regulations or policy.

Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures.

Government-Wide and Propriety Fund Financial Statements

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

1. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for fund expenditures are recorded in order to reserve portions of applicable appropriations, is employed in governmental funds.

Net Assets and Fund Equity

Government -Wide Financial Statements (Net Assets):

Net assets are reported as restricted when amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net assets have been restricted for the following:

- “Loans” represents community development outstanding loan receivable balances.
- Permanent funds – “expendable” represents amounts held in trust for which the expenditures are restricted by various trust agreements.
- Permanent funds – “nonexpendable” represents amounts held in trust for which only investment earnings may be expended.
- “Other purposes” represent restrictions placed on assets from outside parties and primarily represents school federal and state grants whose use is limited to specific grant activities.
- It is the policy of the City of New Bedford to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements (Fund Balances):

The reserved portions of fund balance consist principally of the portion which is not appropriated for expenditures, which is legally segregated for a specific future use.

Fund balances have been reserved for the following:

Encumbrances - represents amounts obligated under purchase orders, contracts and other commitments for expenditures that are being carried over to the ensuing fiscal year.

Perpetual Permanent Funds - represents amounts held in trust for which only investment earnings may be expended.

In addition, certain wastewater reserve funds are adjusted on the last business day of each calendar month. The Trustee is required to apply amounts available in the revenue fund to the following reserve funds in the following order:

Operating Account of the Operating Fund - Monthly deposit to equal the amount of Operating Expenses in the next succeeding month, as provided in the Wastewater Division’s annual operating budget;

Working Capital Account of the Operating Fund - Deposit as needed to equal the Operating Fund Deficit, if any;

Debt Service Fund - Monthly deposits on account of debt service on City Revenue Bonds;

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

1. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

Net Assets and Fund Equity (Continued)

Debt Service Reserve Fund - Deposit as needed to meet the Debt Service Reserve Fund requirement;

Operating Reserve Fund - Deposit as needed to meet the Operating Reserve Fund requirement;

Renewal and Replacement Reserve Fund - Deposit as needed to meet the Renewal and Replacement Reserve Fund requirement;

Insurance Reserve Fund - Deposit as needed to meet the Insurance Reserve Fund requirement, if any;

Renewal and Replacement Accounts - Deposit as determined by the City to fund ongoing repair and maintenance of the Wastewater System; and

Debt Service Assistance Account in the Debt Service Fund - Deposit as determined by the City in anticipation of the receipt of Debt Service Assistance from the Commonwealth or other sources.

Unreserved Fund Balance/Net Assets - The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. Unreserved net assets for proprietary funds represent the net assets available on future operations or distribution.

Revenues

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. As required by GASB No. 33 when recording grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

Expenditures

Expenditures are recognized when the related fund liability is incurred.

Interfund Activity

Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

Government-Wide Financial Statements:

Transaction of a buyer/seller nature between and within governmental funds and internal service funds are eliminated from the governmental activities in the statements of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net assets as internal balances.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

1. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

Interfund Activity (Continued)

Fund Financial Statements:

Transaction of a buyer/seller nature between and within funds are not eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as “due from other funds” or “due to other funds” on the balance sheet.

Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out.

Government-Wide Financial Statements:

Transfers between and within governmental funds and internal service funds are not eliminated from the governmental activities in the statement of net assets. Any residual balances outstanding between the governmental and business-type activities are reported in the statement of activities as “transfers, net”.

Fund Financial Statements:

Transfers between and within funds are not eliminated from the individual fund statements and are reported as “transfers in and transfers out”.

Claims and Judgments

The City is uninsured with respect to risks including, but not limited to, property damages, personal injury and workers’ compensation. In the fund financial statements, expenditures for claims and judgments are recorded on the basis of whether the liability has matured in the current period. Expenditures for workers’ compensation are recorded when paid. Settlements relating to condemnation proceedings are reported when the liability is estimable. In the government-wide financial statements the estimated liability for all claims and judgments is recorded as a liability and as an expense.

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Fund Deficit and Appropriation Deficits

Several individual fund deficits existed at June 30, 2010 in the governmental funds. These deficits will be funded by future administration plans; bond issues and available fund balances.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

1. Summary of Significant Accounting Policies (Continued)

F. Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

2. Compliance and Accountability

Budget Requirements, Accounting and Reporting

Requirements for all funds:

- A. Annual budgets are adopted for all City funds. Under state law, the Mayor submits an annual budget to Council for consideration and approval no later than July 15. Such budget is based on expected expenditures by program within a fund and estimated resources by source for all funds.
- B. By Charter the Mayor must submit an annual appropriation ordinance to City Council. This ordinance builds upon the tax budget of the previous July and is updated for any estimated revisions as well as year-end encumbrances and may include any additional information requested by Council. Council may subsequently amend such ordinance. Amendments to the appropriation ordinance during 2010 were approved by the City Council as provided by the Charter.
- C. For day-to-day management control, expenditures plus encumbrances may not exceed the budget at the expenditure-type (i.e., personal services, other operations and maintenance, etc.) level of each cost center (activity within a program within a fund). The Mayor may transfer unencumbered appropriations within programs within funds.
- D. Appropriation control (City Council appropriate budget) is by program (i.e., safety, leisure, health, etc.) within a fund. City Council may, by ordinance, transfer amounts among programs within and between funds. Budgetary comparison schedules are presented in the Supplemental Section as Required Supplemental Information. The budgetary basis is the modified accrual basis of accounting with encumbrances included as actual expenditures.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

2. Compliance and Accountability (Continued)

Interfund Transactions

The interfund activity presented below is for the fund statement level only. These balances include both due from/to other funds and intra-entity receivables and payables.

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Other Financing Sources</u>	<u>Other Financing Uses</u>
<u>Major Governmental Funds</u>				
General Fund	\$ 2,734,801	\$ 2,033,814	\$ 5,349,020	\$ 739,268
Wastewater Funds	371,089	3,045,702	4,885,379	6,028,764
Stabilization Funds			485,879	2,384,420
<u>Non-Major Governmental Funds</u>				
Capital Projects	1,043	38	203,037	
Special Revenue Funds	62,146	51,392	406,438	8,702
Permanent Funds				58,108
				120,000
<u>Proprietary Funds</u>				
Internal Service Funds	1,612,500			
Water				1,849,977
Airport			44,798	185,312
<u>Fiduciary Funds</u>				
Agency	353,176	3,809		
Private Purpose Trust Funds				
<u>Component Units</u>				
Redevelopment Authority				
Harbor Development	_____	_____	_____	_____
Totals	<u>\$ 5,134,755</u>	<u>\$ 5,134,755</u>	<u>\$ 11,374,551</u>	<u>\$ 11,374,551</u>

In addition to the sources and uses above, \$5,053,966 was recorded as a source for water enterprise and \$595,255 was recorded as a source for airport enterprise for capital assets purchased from governmental funds. In addition, bond proceeds of \$10,626,250 were recorded in governmental activities. However, the water fund carries the debt as a result other financing uses were recorded in the water fund.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

2. Compliance and Accountability (Continued)

For the government-wide financial statements, all interfund transactions were eliminated except for those with component units and fiduciary funds.

The City utilizes the interfund loan accounts as a short term vehicle to expedite the payment of vouchers from a consolidated vendor checking account.

The transfers between funds are to fund operations for the airport and water funds; to fund matching revenues related to federal grants; to fund and utilize funding for operations in the Stabilization fund and to fund various other immaterial deficits in Special Revenue and Community Development funds.

	Governmental Funds		
	General Fund	Wastewater	Permanent Trust Fund
Reserved:			
Encumbrances	\$ 2,039	\$	\$
Nonexpendable bequests			5,127,411
Petty cash	1,250		
Debt premiums	605,351		
Appropriation deficit	(10,617)		
Renewal and replacement		1,635,918	
Debt service		2,900,576	
Total reserved	<u>\$ 598,023</u>	<u>\$ 4,536,494</u>	<u>\$ 5,127,411</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

3. *Cash, Cash Equivalents and Investments*

Cash and investments as of June 30, 2010 are classified in the accompanying financial statements as follows:

Cash and investments - Governmental Activities	\$ 52,026,553
Cash and investments - Business Type Activities	2,987,684
Cash and investments - Pension Trust Fund	203,096,735
Cash and investments - City Private Purpose Trust Funds	12,186
Cash and investments - Agency Funds	<u>4,352,310</u>
Total cash and investments	<u>\$ 262,475,468</u>

Cash and cash Equivalents

Deposits are in various financial institutions and are carried at cost or fair value in the case of pooled deposits for trust funds. The carrying value is separately displayed on the state of net assets as "Cash and Investments". Petty cash is included in the presentation of cash on the statement of net assets in the amount of \$1,300 on June 30, 2010.

Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At year end, the City's carrying amount of deposits for the primary government private purpose trust funds and the agency funds was \$48,913,897, including \$1,300 of petty cash and the bank balance was \$54,363,190. Of the bank balance \$3,500,000 was covered by Federal Depository Insurance, \$38,503,703 was covered by Depositors Insurance Fund and \$5,737,857 was held in collateralized accounts. The remaining balance of \$7,365,217 was held in uncollateralized accounts. At June 30, 2009 the city's unreconciled book-to-bank variance is \$206,088.

At year end the City's carrying amount of deposits for the pension trust fund was \$6,700,600 and the bank balance was \$7,539,378. Of the bank balance \$500,006 was covered by Federal Depository Insurance. The remaining balance of \$7,039,378 was held in uncollateralized accounts.

The City has not experienced any losses of funds in excess of federally insured limits held in any financial institutions. Management fees that the City is not exposed to any significant credit risk related to cash.

Investments

Investments are stated at fair value for investment pools and historical costs for all other investments. The majority of investment activity is conducted through contracted investment management firms and held in pooled trust fund accounts in the City's name.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. See below for ratings of the investments held by the City of New Bedford as of June 30, 2010.

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The investments listed below were issued by various financial institutions. See below for investments that represent 5% or more of the total investments held by the City of New Bedford as of June 30, 2010.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

3. Cash, Cash Equivalents and Investments (Continued)

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Foreign currency risk is the risk that exchange rates effect the valuation of an investment. The amount of investments which include foreign investments are listed below.

Information about the sensitivity of the fair values of the City's investments to market rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity utilizing the specific identification method:

Total Investments by Investment Type and Moody Ratings

<u>Investment Type</u>	<u>Total Amount</u>	<u>Maximum Maturity</u>	<u>* Maximum Investment in One Issuer</u>	<u>Moody's Rating</u>
<i>Primary Government, Private Purpose and Agency Funds</i>				
Fixed income	\$ 2,232,625	12 years	N/A	AAA
Fixed income	51,428	1 years	N/A	AA3
Fixed income	164,374	5 years	N/A	AA2
Fixed income	53,108	4 years	N/A	A3
Fixed income	1,192,312	24 years	N/A	N/A
Common Stock	313,212	N/A	N/A	N/A
Government Securities	6,146	12 year	N/A	N/A
Common Stock - Foreign	6,047	N/A	N/A	N/A
Common Stock - Emerging	22,667	N/A	N/A	N/A
Real Estate	3,134	N/A	N/A	N/A
Fixed income – bond mutual funds	1,104,908	N/A	N/A	N/A
Mutual funds - fixed	2,055,759	N/A	N/A	N/A
Mutual funds – equity	2,307,466	N/A	N/A	N/A
Alternative investments	352,209	N/A	N/A	N/A
Certificate of deposit	<u>393,479</u>	2 years	N/A	Unrated
Subtotal	<u>\$ 10,258,874</u>			

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

3. Cash, Cash Equivalents and Investments (Continued)

<u>Investment Type</u>	<u>Total Amount</u>	<u>Maximum Maturity</u>	<u>Maximum Investment in One Issuer</u>	<u>Moody's Rating</u>
<i>Pension Trust Fund</i>				
Bond Paying Periodic Income	\$ 484,418	8 years	N/A	A1
Bond Paying Periodic Income	1,120,139	27 years	N/A	A2
Bond Paying Periodic Income	1,124,126	26 years	N/A	A3
Bond Paying Periodic Income	51,371	5 years	N/A	AA1
Bond Paying Periodic Income	1,114,513	5 years	N/A	AA2
Bond Paying Periodic Income	208,120	3 years	N/A	AA3
Bond Paying Periodic Income	889,930	4 years	N/A	AAA
Bond Paying Periodic Income	1,314,964	23 years	N/A	B1
Bond Paying Periodic Income	525,731	3 years	N/A	B2
Bond Paying Periodic Income	525,037	6 years	N/A	B3
Bond Paying Periodic Income	1,222,634	10 years	N/A	BA1
Bond Paying Periodic Income	136,746	7 years	N/A	BA2
Bond Paying Periodic Income	1,093,807	6 years	N/A	BA3
Bond Paying Periodic Income	1,837,757	26 years	N/A	BAA1
Bond Paying Periodic Income	2,603,690	26 years	N/A	BAA2
Bond Paying Periodic Income	3,354,122	9 years	N/A	BAA3
Bond Paying Periodic Income	272,008	2 years	N/A	CA
Bond Paying Periodic Income	969,103	6 years	N/A	CAA1
Bond Paying Periodic Income	149,650	13 years	N/A	CAA2
Bond Paying Periodic Income	69,445	4 years	N/A	CAA3
Bond Paying Periodic Income	233,065	3 years	N/A	NA
Bond Paying Periodic Income	92,000	14 years	N/A	NR
Bond Paying Periodic Income	821,920	19 years	N/A	WR
CMO	26,112	23 years	N/A	AA1
CMO	777,862	39 years	N/A	AAA
CMO	341,470	26 years	N/A	B3
CMO	40,903	27 years	N/A	BA3
CMO	89,417	25 years	N/A	CAA1
CMO	126,048	27 years	N/A	CAA2
CMO	1,838,641	30 years	N/A	NA
CMO	223,874	25 years	N/A	NR
Convertible Bonds	407,806	29 years	N/A	A2
Convertible Bonds	128,688	22 years	N/A	A3
Convertible Bonds	4,770	26 years	N/A	AA3
Convertible Bonds	59,830	2 years	N/A	B1
Convertible Bonds	110,700	27 years	N/A	BAA2
Convertible Bonds	106,569	6 years	N/A	CAA1
Convertible Bonds	831,185	3 years	N/A	N/A
Common Stock	71,385,533	N/A	36.35%	N/A
Government Issues	981,769	1 year	N/A	AA1
Government Issues	4,931,414	29 years	N/A	AAA
Government Issues	705,803	6 years	N/A	BAA1
Government Issues	57,174	3 years	N/A	BAA3

* Maximum investment in one issuer labeled as N/A are less than 5% of total investments for any single issues within that category.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

3. Cash, Cash Equivalents and Investments (Continued)

<u>Investment Type</u>	<u>Total Amount</u>	<u>Maximum Maturity</u>	<u>Maximum Investment in One Issuer</u>	<u>Moody's Rating</u>
Government Issues	\$ 875,091	0 years	N/A	N/A
Hedge Funds	12,108,061	N/A	6.17%	N/A
Municipals	95,489	19 years	N/A	A2
Municipals	257,791	21 years	N/A	AA3
Municipals	241,662	36 years	N/A	BAA3
Mortgage Passthrough Pool	4,566,591	23 years	N/A	AAA
Other Assets	47,861	20 years	N/A	AAA
Other Assets	138,375	24 years	N/A	AAA
Other Assets	407,814	39 years	N/A	AAA
Other Assets	179,768	24 years	N/A	BAA2
Other Assets	16,625,192	N/A	8.47%	N/A
Pooled Equities – Capital	9,958,464	N/A	5.07%	N/A
Pooled Real Estate	13,214,742	N/A	6.73%	N/A
Pooled Equities – Diversified Growth	<u>34,289,370</u>	N/A	17.46%	N/A
Subtotal	<u>196,396,135</u>			
Total City of New Bedford	<u>\$ 206,655,009</u>			

Total Investments by Investment Type and S&P Ratings

Primary Government, Private Purpose and Agency Funds

Fixed income	\$ 2,293,900	12 years	N/A	AAA
Fixed income	51,428	1 year	N/A	AA-
Fixed income	54,384	3 years	N/A	AA
Fixed income	109,990	5 years	N/A	AA+
Fixed income	53,108	4 years	N/A	A
Fixed income	1,131,037	24 years	N/A	N/A
Common Stock	313,212	N/A	N/A	N/A
Government Securities	6,146	13 years	N/A	N/A
Common Stock – Foreign	6,047	N/A	N/A	N/A
Common Stock – Emerging	22,667	N/A	N/A	N/A
Real Estate	3,134	N/A	N/A	N/A
Fixed income – Bond Mutual Funds	1,104,908	N/A	N/A	N/A
Mutual funds – Fixed	2,055,759	N/A	N/A	N/A
Mutual funds – Equity	2,307,466	N/A	N/A	N/A
Alternative investments	352,209	N/A	N/A	N/A
Certificate of deposits	<u>393,479</u>	3 years	N/A	Unrated
Subtotal	<u>\$ 10,258,874</u>			

* Maximum investment in one issuer labeled as N/A are less than 5% of total investments for any single issues within that category.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

3. Cash, Cash Equivalents and Investments (Continued)

<u>Investment Type</u>	<u>Total Amount</u>	<u>Maximum Maturity</u>	<u>Maximum Investment in One Issuer</u>	<u>S&P Rating</u>
<i>Pension Trust Fund</i>				
Bond Paying Periodic Income	\$ 1,764,292	27 years	N/A	A
Bond Paying Periodic Income	920,399	26 years	N/A	A-
Bond Paying Periodic Income	141,888	2 years	N/A	A+
Bond Paying Periodic Income	159,025	3 years	N/A	AA
Bond Paying Periodic Income	346,673	3 years	N/A	AA-
Bond Paying Periodic Income	1,006,859	5 years	N/A	AA+
Bond Paying Periodic Income	67,593	0 years	N/A	AAA
Bond Paying Periodic Income	439,531	1 year	N/A	B
Bond Paying Periodic Income	912,127	6 years	N/A	B-
Bond Paying Periodic Income	1,284,869	6 years	N/A	B+
Bond Paying Periodic Income	1,214,244	6 years	N/A	BB
Bond Paying Periodic Income	399,470	6 years	N/A	BB-
Bond Paying Periodic Income	653,219	27 years	N/A	BB+
Bond Paying Periodic Income	2,893,714	26 years	N/A	BBB
Bond Paying Periodic Income	3,543,184	9 years	N/A	BBB-
Bond Paying Periodic Income	1,763,129	26 years	N/A	BBB+
Bond Paying Periodic Income	55,440	8 years	N/A	CC
Bond Paying Periodic Income	390,200	4 years	N/A	CCC
Bond Paying Periodic Income	237,238	2 years	N/A	CCC+
Bond Paying Periodic Income	149,650	13 years	N/A	D
Bond Paying Periodic Income	889,337	4 years	N/A	N/A
Bond Paying Periodic Income	982,214	3 years	N/A	NR
Convertible Bonds	91,688	1 year	N/A	A
Convertible Bonds	481,400	29 years	N/A	A-
Convertible Bonds	41,770	22 years	N/A	A+
Convertible Bonds	66,750	1 year	N/A	B-
Convertible Bonds	155,250	27 years	N/A	BBB+
Convertible Bonds	146,206	6 years	N/A	CCC
Convertible Bonds	585,233	3 years	N/A	N/A
Convertible Bonds	81,250	1 year	N/A	NR
CMO	341,301	39 years	N/A	A-
CMO	171,828	25 years	N/A	A+
CMO	42,978	24 years	N/A	AA
CMO	75,221	27 years	N/A	AA-
CMO	735,543	32 years	N/A	AAA
CMO	93,150	37 years	N/A	B
CMO	72,395	27 years	N/A	B-
CMO	126,048	27 years	N/A	BB
CMO	29,242	25 years	N/A	BB-
CMO	500,673	26 years	N/A	CCC
CMO	977,093	26 years	N/A	N/A
CMO	298,856	26 years	N/A	NR

* Maximum investment in one issuer labeled as N/A are less than 5% of total investments for any single issues within that category.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

3. Cash, Cash Equivalents and Investments (Continued)

<u>Investment Type</u>	<u>Total Amount</u>	<u>Maximum Maturity</u>	<u>Maximum Investment in One Issuer</u>	<u>S&P Rating</u>
Common stock	\$ 71,385,533	N/A	36.35%	N/A
Government Issues	705,803	6 years	N/A	A
Government Issues	878,314	1 year	N/A	AA-
Government Issues	103,456	2 years	N/A	AA+
Government Issues	4,706,854	29 years	N/A	AAA
Government Issues	57,174	3 years	N/A	BBB+
Government Issues	1,099,651	0 years	N/A	NA
Hedge Funds	12,108,061	N/A	6.17%	N/A
Municipals	8,510	19 years	N/A	A
Municipals	52,537	39 years	N/A	AA
Municipals	139,636	19 years	N/A	AA-
Municipals	152,598	21 years	N/A	AAA
Municipals	241,662	36 years	N/A	BBB
Mortgage Passthrough Pool	4,566,590	23 years	N/A	AAA
Other Assets	186,236	29 years	N/A	AAA
Other Assets	209,966	29 years	N/A	A
Other Assets	178,623	24 years	N/A	AAA
Other Assets	179,768	24 years	N/A	BBB
Other Assets	2,354	26 years	N/A	D
Other Assets	16,871	39 years	N/A	NA
Other Assets	16,625,192	N/A	8.47%	N/A
Pooled Equities - Capital	9,958,464	N/A	5.07%	N/A
Pooled Real Estate	13,214,742	N/A	6.73%	N/A
Pooled Equities – Diversified Growth	<u>34,289,370</u>	N/A	17.46%	N/A
Subtotal	<u>196,396,135</u>			
Total City of New Bedford	<u>\$ 206,655,009</u>			

* Maximum investment in one issuer labeled as N/A are less than 5% of total investments for any single issues within that category.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

3. Cash, Cash Equivalents and Investments (Continued)

<u>Investment Type</u>	<u>Currency</u>	<u>Total Amount</u>	<u>Maturity</u>	<u>Description</u>
<i>Foreign Currency Risk</i>				
<i>Primary Government, Private Purpose and Agency Funds</i>				
Common stock - foreign		\$ 3,052	N/A	Rio Tinto PLC
Common stock - foreign		<u>2,995</u>	N/A	Taiwan Semiconductor Mfg LTD
Total		<u>\$ 6,047</u>		

Foreign Currency Risk

Pension Trust Fund

Bond Paying Periodic Income	New Zealand Dollar	\$ 883,970	9/28/2015	General Electric Capital Corp
Bond Paying Periodic Income	New Zealand Dollar	77,968	9/26/2016	General Electric Capital Corp
Bond Paying Periodic Income	Icelandic krona	67,593	5/27/2010	Intl BK Recon + Develop
Bond Paying Periodic Income	Thai baht	331,794	2/22/2010	Barclays Financial LLC
Bond Paying Periodic Income	Brazilian real	365,982	7/2/2010	Citibank NA
Government Issue	Mexican peso	425,245	12/15/2016	Mex Bonds Desarr Fix Rt
Government Issue	Mexican peso	280,558	12/20/2012	Mexico (United Mexican States)
Government Issue	Canadian Dollar	878,314	12/2/2011	Ontario Prov CDA
Government Issue	Canadian Dollar	103,456	12/3/2012	Saskatchewan Prov CDA
Government Issue	Canadian Dollar	199,649	6/1/2012	Canada Government
Government Issue	Norwegian krone	264,200	5/19/2017	Norwegian Government
Government Issue	Canadian Dollar	257,573	12/1/2010	Canada Government
Government Issue	Canadian Dollar	14	6/15/2010	Alberta Prov Mtn CDS
Government Issue	Canadian Dollar	221,663	1/9/2012	British Columbia Prov CDA
Government Issue	Canadian Dollar	655,594	6/1/2012	Canada Government
Government Issue	Icelandic krona	57,174	5/17/2013	Iceland (Rep)
Government Issue	Icelandic krona	2,967	2/15/2010	Rikisvixill
Government Issue	Icelandic krona	17,838	12/10/2010	Rikisbref
Government Issue	Icelandic krona	31,361	7/22/2011	Rikisbref
Government Issue	Canadian Dollar	<u>\$ 224,560</u>	9/1/2011	Alberta Mun Fing Corp
Total		<u>\$ 5,347,473</u>		

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

4. *Receivables*

Real estate and personal property taxes are based on values assessed as of each January 1. Taxes due and unpaid after the respective dates are subject to interest and penalties. The City has the right to begin the lien process on property on which taxes have not been paid after one year following the due date and subsequently foreclose on such property.

Real estate, personal property and other excise tax levies are recorded as receivables and revenue in the fiscal year of the levy. Also, any amounts collected within 60 days after year-end are considered revenue. Taxes collected in advance are considered deferred revenue.

Utility receivables charged for both water and sewer usage is recorded based on billings of the cycle which the sections of the City's meters are read. Utility billing occurs quarterly and when unpaid is added to the property owners tax bill as a water and/or sewer lien.

As part of the Community Development Program, the City administers loan programs that provide housing assistance to residents and capital needs assistance for small businesses. Certain of these loans are deferred and forgiven if provisions of the loans are met; others are collectible over the term of the mortgage.

	Governmental Activities				Business-Type Activities	
	<u>General</u>	<u>Wastewater</u>	<u>Other Non-Major Governmental</u>	<u>Total Governmental</u>	<u>Water</u>	<u>Airport</u>
Receivables:						
Real Estate and Personal Property taxes	\$ 4,679,969	\$	\$	\$ 4,679,969	\$	\$
Tax liens and foreclosures	19,991,349			19,991,349		
Motor vehicle & boat excise	1,566,562			1,566,562		
User charges receivables		1,132,051		1,132,051	894,618	
Accrued interest						
Departmental and other	6,038,219	50,015		6,088,234		
Loan receivables			19,618,364	19,618,364		
Other receivables	363,883		413,227	777,110	29,418	24,866
Special assessments	1,914	305,770		307,684		
Due from Federal or State Government	<u>1,353,410</u>	<u></u>	<u>20,854,523</u>	<u>22,207,933</u>	<u></u>	<u></u>
Gross receivables	33,995,306	1,487,836	40,886,114	76,369,256	924,036	24,866
Less: allowance for uncollectible	<u>(812,620)</u>	<u>(263,137)</u>	<u>(3,350,234)</u>	<u>(4,425,991)</u>	<u>(140,000)</u>	<u>(5,464)</u>
Net total receivables	<u>\$ 33,182,686</u>	<u>\$ 1,224,699</u>	<u>\$ 37,535,880</u>	<u>\$ 71,943,265</u>	<u>\$ 784,036</u>	<u>\$ 19,402</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

5. Capital Assets and Depreciation

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance, restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Not Being Depreciated:				
Land	\$ 3,152,935	\$	\$	\$ 3,152,935
Construction in progress	23,711,312	26,595,281	3,257,701	47,048,892
Infrastructure in progress	<u>4,131,323</u>	<u>3,315,074</u>	<u>3,952,307</u>	<u>3,494,090</u>
Subtotal	<u>30,995,570</u>	<u>29,910,355</u>	<u>7,210,008</u>	<u>53,695,917</u>
Other Capital Assets:				
Infrastructure	148,007,294	3,952,308		151,959,602
Land improvements	362,551			362,551
Buildings and improvements	287,172,291	3,942,333		291,114,624
Machinery and equipment	43,543,933	1,164,932		44,708,865
Office equipment and furniture	13,510,212	424,236		13,934,448
Computer equipment	8,652,146	566,612		9,218,758
Library books and textbooks	9,828,832	169,718		9,998,550
Automobiles	8,997,412	302,985		9,300,397
Animals	<u>54,859</u>			<u>54,859</u>
Subtotal	<u>520,129,530</u>	<u>10,523,124</u>		<u>530,652,654</u>
Accumulated Depreciation:				
Infrastructure	103,147,578	2,347,696		105,495,274
Land improvements	27,753	18,044		45,797
Buildings and improvements	80,246,771	5,912,001		86,158,772
Machinery and equipment	32,922,246	2,007,925		34,930,171
Office equipment and furniture	11,710,185	635,436		12,345,621
Computer equipment	7,088,951	859,888		7,948,839
Library books and textbooks	8,425,098	618,061		9,043,159
Automobiles	6,828,682	676,077		7,504,759
Animals	<u>26,774</u>	<u>3,369</u>		<u>30,143</u>
Subtotal	<u>250,424,038</u>	<u>13,078,497</u>		<u>263,502,535</u>
Net other capital assets	<u>269,705,492</u>	<u>(2,555,373)</u>		<u>267,150,119</u>
Net capital assets	<u>\$ 300,701,062</u>	<u>\$ 27,354,982</u>	<u>\$ 7,210,008</u>	<u>\$ 320,846,036</u>

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

5. Capital Assets and Depreciation (continued)

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance, restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-Type Activities - Water:</u>				
Not Being Depreciated:				
Land	\$ 600,000	\$		\$ 600,000
Infrastructure in progress		849,677		849,677
Easements	<u>962,500</u>	<u></u>	<u></u>	<u>962,500</u>
Subtotal	<u>1,562,500</u>	<u>849,677</u>	<u></u>	<u>2,412,177</u>
Other Capital Assets:				
Infrastructure	88,135,942	1,904,989		90,040,931
Buildings and improvements	48,811			48,811
Machinery and equipment	3,563,493	2,366,902		5,930,395
Office equipment and furniture	82,856	14,079		96,935
Computer equipment	47,279	2,192		49,471
Automobiles	<u>629,367</u>	<u></u>	<u></u>	<u>629,367</u>
Subtotal	<u>92,507,748</u>	<u>4,288,162</u>	<u></u>	<u>96,795,910</u>
Accumulated Depreciation:				
Infrastructure	38,169,833	1,794,208		39,964,041
Buildings and improvements	3,730	976		4,706
Machinery and equipment	983,311	420,754		1,404,065
Office equipment and furniture	71,163	5,234		76,397
Computer equipment	25,050	12,576		37,626
Automobiles	<u>451,531</u>	<u>74,884</u>	<u></u>	<u>526,415</u>
Subtotal	<u>39,704,618</u>	<u>2,308,632</u>	<u></u>	<u>42,013,250</u>
Net other capital assets	<u>52,803,130</u>	<u>1,979,530</u>	<u></u>	<u>54,782,660</u>
Net capital assets	<u>\$ 54,365,630</u>	<u>\$ 2,829,207</u>	<u>\$</u>	<u>\$ 57,194,837</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

5. Capital Assets and Depreciation (continued)

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance, restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-Type Activities - Airport:</u>				
Not Being Depreciated:				
Infrastructure in progress	\$ 201,586	\$	\$	\$
Land	<u>135,522</u>	<u></u>	<u>(201,586)</u>	<u>135,522</u>
Subtotal	<u>337,108</u>	<u></u>	<u>(201,586)</u>	<u>135,522</u>
Other Capital Assets:				
Infrastructure	5,473,724	776,997		6,250,721
Land improvements	615,822	6,000		621,822
Buildings and improvements	2,238,551	1,869		2,240,420
Machinery and equipment	867,439	19,842		887,281
Computer & equipment	52,400			52,400
Automobiles	74,710			74,710
Office equipment and furniture	<u>5,294</u>	<u></u>	<u></u>	<u>5,294</u>
Subtotal	<u>9,327,940</u>	<u>804,708</u>	<u></u>	<u>10,132,648</u>
Accumulated Depreciation:				
Infrastructure	1,360,035	191,999		1,552,034
Land improvements	33,685	30,930		64,615
Buildings and improvements	572,531	39,908		612,439
Machinery and equipment	523,328	76,027		599,355
Computer & equipment	5,240	10,480		15,720
Automobiles	22,413	14,942		37,355
Office equipment and furniture	<u>4,788</u>	<u>282</u>	<u></u>	<u>5,070</u>
Subtotal	<u>2,522,020</u>	<u>364,568</u>	<u></u>	<u>2,886,588</u>
Net other capital assets	<u>6,805,920</u>	<u>440,140</u>	<u></u>	<u>7,246,060</u>
Net capital assets	<u>\$ 7,143,028</u>	<u>\$ 440,140</u>	<u>\$ (201,586)</u>	<u>\$ 7,381,582</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

5. Capital Assets and Depreciation (continued)

Depreciation was charged to functions as follows:

Governmental activities:

General Government	\$ 2,841,434
Public Safety	1,476,754
Public Works	6,571,293
Public Works WW	678,305
Education	236,533
Community and Economic Development	284,344
Health and Human Services	275,355
Culture and Recreation	<u>714,479</u>

Total Governmental Activities	<u>\$ 13,078,497</u>
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Business-Type Activities:

Water	2,308,632
Airport	<u>364,568</u>

Total Business-Type Activities	<u>\$ 2,673,200</u>
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CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

6. Pensions and Other Post Employment Benefits

The City of New Bedford contributes to the City of New Bedford's Contributory Employees' Retirement System, which is a single-employer public employee retirement system (PERS), as established under Chapter 32 of the General Laws of the Commonwealth of Massachusetts.

Effective January 1, 1996, the Contributory Retirement System of the City of New Bedford adopted Governmental Accounting Standards Board Statement No. 25 ("GASB-25"): "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans." GASB-25 is intended to enhance the understandability and usefulness of pension information included in the financial reports of state and local governmental pension plans.

Effective July 1, 1998, Chapter 17 of the Acts of 1997 (COLA Legislation) was adopted. The result of the adoption of Chapter 17 is to increase the retirement allowance pension or annuity by the percentage as determined by the Commissioner of Social Security or 3%, whichever is less. The maximum pension benefit on which a COLA may be granted is \$12,000. All retirees, disabled retirees and beneficiaries that have been receiving benefit payments for at least one year as of July 1st are eligible for the adjustment.

All COLA's granted to members prior to July 1, 1998 and after 1981 are deemed to be an obligation of the State and are not the liability of the Retirement System.

A. Summary of Significant Accounting Policies

Basis of Accounting

The City of New Bedford's Contributory Employees' Retirement System's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Investment income is recognized as earned by the pension plan. The net appreciation (depreciation) in the fair value of investments held by the pension plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the balance sheet date.

The City accepted Section 22(1)(b1/2) of Chapter 32 of the Massachusetts General Laws in 1990. The City must establish a funding schedule designed to fully fund the retirement system and to reduce the unfunded actuarial accrued liability of the system to zero as of June 30, 2040. Any system for which a funding schedule has been adjusted and approved may receive annual pension funding grants from the Commonwealth.

Operating Cycle

The accounting records of the Retirement System are maintained on a calendar year basis in accordance with the standards and procedures established by the Commissioner of Public Employee Retirement Administration Commission.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

6. Pensions and Other Post Employment Benefits (Continued)

Method Used to Value Assets

Cash deposits are carried at cost which approximates market. Investments in bonds and notes are stated at amortized cost which approximates market. Investments in stock are recorded at market value.

B. Plan Description

All full-time employees, other than teachers, whose employment commences prior to age sixty-five are eligible to participate in the City of New Bedford's Contributory Employees' Retirement System. Teachers and certain administrative employees of the School Department participate in a contributory retirement plan administered by the Massachusetts Teachers' Retirement Board. The City does not contribute to this plan.

The Retirement Board exercises jurisdiction to determine an employee's eligibility for membership in cases involving part time service. The participants contribute specified percentages of their annual compensation to the plan. The City's contribution is determined by the Division of Public Employee Retirement Administration ("PERA") on a cost of benefits approach and, for the year ended June 30, 2010, was \$24,829,417.

As of December 31, 2009, employee membership data related to the pension plan was as follows:

	<u>Group 1</u>	<u>Group 2 & 4</u>	<u>Total</u>
Active members	1,879	508	2,387
Inactive members	328	22	350
Retired members	<u>1,347</u>	<u>655</u>	<u>2,002</u>
Total membership	<u>3,554</u>	<u>1,185</u>	<u>4,739</u>

Under the provisions of the City's pension plan, pension benefits vest after ten years of creditable service. If the employees are terminated involuntarily, benefits vest after six years of creditable service if the employee became a member of a public employee retirement system before January 1, 1978. An employee may retire at age 55 and receive annual pension benefits. The pension plan also provides for death and disability benefits. An employee's annual pension is determined by multiplying his average salary by a benefit rate related to his age and job classification at retirement and the resulting product by his creditable years of employment service. His average salary is the average of his highest three consecutive years' salary or the average salary from his last three years of service, if not consecutive. For most employees, the average of the last three years' salary will be their highest average salary. The amount determined by the benefit formula cannot exceed 80% of the employee's average salary as described above.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

6. *Pensions and Other Post Employment Benefits (Continued)*

C. Retirement Groups

For retirement purposes employees are classified as Group 1, 2 or 4 employees:

Group 1 Officials and general employees including clerical, administrative and technical workers, laborers, mechanics and all others not otherwise classified. Participants within this group are eligible to retire at age 55.

Group 2 Electricians not classified in Group 1 or 4. Participants within this group are eligible to retire at age 55.

Group 4 Members of police, fire and electric light departments not classified in Group 1 or 2. Participants within this group are eligible to retire at age 45.

D. Funding Policy

Under provisions of State statutes, each employee is required to contribute 5% of his basic pay (exclusive of overtime) to a special fund. For certain employees without continuous service who are reemployed on or after January 1, 1975 and for all employees hired on or after January 1, 1975 but prior to 1984, the contribution rate is 7%. For employees hired from 1984 through June 30, 1996 the contribution rate is 8%. For employees hired after July 1, 1996 the contribution rate is 9%. For all employees hired on or after January 1, 1979 there is an additional contribution of 2% of salary in excess of \$30,000. In addition, the City must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements as mandated by state statutes. Administrative costs of the Retirement System are financed through investment earnings.

In 2008, the City adopted GASB Statement No. 50, *Pension Disclosures*. This new standard now requires entities to report the results of the most recent actuarial valuation in the footnotes. This information was previously only required to be reported as required supplementary information. The most recent actuarial valuation of the City's Contributory Retirement System was prepared under the direction of Public Employee Retirement Administration Commission (PERAC) as of January 1, 2010. The standardized measure of the unfunded actuarial accrued liability as of January 1, 2010, is as follows:

Actuarial accrued liability:

	<u>January 1, 2010</u> (unaudited)
Active members	\$ 225,515,664
Retirees, beneficiaries, disabilities and inactives currently receiving benefits	320,099,134
Cost of living adjustment	
	<hr/>
Total actuarial accrued liability	545,614,798
Net assets available for benefits, at market	<u>226,978,870</u>
Unfunded actuarial accrued liability	<u><u>\$ 318,635,928</u></u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

6. *Pensions and Other Post Employment Benefits (Continued)*

E. Contributions Required and Contributions Made

Periodic employer contributions to the pension plan are determined on an actuarial basis using the entry age normal actuarial cost method. Normal cost is funded on a current basis. The unfunded actuarial accrued liability is funded over a 30-year period. Periodic contributions for both normal cost and the amortization of the unfunded actuarial accrued liability are based on the level percentage of payroll on an open group method. The remaining amortization period at December 31, 1998, was 29 years. The funding strategy for normal cost and the unfunded actuarial accrued liability should provide sufficient resources to pay employee pension benefits on a timely basis.

Total contributions to the pension plan in 2009 amounted to \$32,187,837 of which \$24,829,417 and \$7,358,420 were made by the City of New Bedford and its employees, respectively. The contributed amounts were actuarially determined as described above on a fiscal year basis. For year 2009 the contribution amount of \$24,829,417 was based on an actuarial valuation as of January 1, 2009. The pension contributions represent funding for normal cost and the amortization of the unfunded actuarial accrued liability. Contributions made by the City of New Bedford and its employees represent 77.1% and 22.9% respectively, of covered payroll for the year.

The covered payroll for the Contributory Retirement System for the year ending December 31, 2009 was approximately \$90,036,405. The City's total payroll for all employees was approximately \$161,139,416 for the same period. Covered payroll refers to all compensation paid by the City to active employees covered by the City of New Bedford PERS on which contributions to the pension are based.

In addition, teachers, certain administrators, and other professional of the School Department participate in a contributory defined benefit plan administered by the Massachusetts Teachers' Retirement System. The City has no obligation to contribute to this plan. The Commonwealth funds plan benefits to the extent that funding is not provided through employee contributions. The Commonwealth's contributed \$27,248,564 for benefits "on-behalf" of the school department for the year ended June 30, 2010. The amount was recorded as revenue and as an expenditure in the general fund in accordance with GASB-24.

The computation of the pension contribution requirements for 2007 was based on the same (a) actuarial assumptions, (b) benefit provisions, and (c) other significant factors as used to determine pension contribution requirements in the previous year.

F. Trend Information

	Net assets available for benefits as a percentage of the actuarial accrued liability applicable to the City's employees	Unfunded actuarial accrued liability as a percentage of the City's annual covered payroll	City's contribution to the pension plan as a percentage of annual covered payroll
2009	37.5%	385.6%	27.6%
2008	46.8%	355.0%	28.6%
2007	44.9%	298.4%	25.9%
2006	44.9%	335.8%	24.5%
2005	46.1%	225.4%	20.8%
2004	46.1%	247.9%	18.7%
2003	51.4%	179.2%	17.6%
2002	51.4%	204.1%	19.1%
2001	51.4%	198.0%	26.5%

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

7. Other Employee Benefits

A. Other Postemployment Benefits

Plan Description

In addition to the pension benefits described above, the City provides health and life insurance benefits to retirees, their dependents and beneficiaries in accordance with Chapter 32B of Massachusetts General Laws under various contributory plans. Specific benefit provisions and contribution rates are established by collective-bargaining agreements, state laws, and City ordinance. All benefits are provided through third-party insurance carriers and health maintenance organizations that administer, assume, and pay all claims for specific plans. The Plan does not issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Funding Policy

The contribution requirements of Plan members and the City are established and may be amended by the City. Twenty-five percent of the calculated contribution is paid by the retirees through pension benefit deductions. The remainder of such cost is funded by the City. The City contributes 100% towards a \$5,000 term life insurance premium. The City currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the City.

Annual OPEB and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an actuarially determined amount that is calculated in accordance with the parameters set forth in GASB Statement 45. The amount that was actuarially determined by using the Projected Unit Credit Cost Method. Under this method the annual contribution consists of two pieces: Normal Cost plus a payment towards the unfunded accrued liability. The normal cost is similarly determined as the present value of the portion of the projected benefit attributable to the current year. The unfunded accrued liability is the accrued liability less the value of any plan assets. The level percent amortization method was utilized to determine the current year ARC. The following table shows the elements of the City's annual OPEB cost for the year, the amount actually paid on behalf of the Plan, and changes in the City's net OPEB obligation to the Plan for the year ended June 30, 2010.

	<u>Amount</u>
Annual required contribution	\$ 33,456,570
Interest on net OPEB obligation	1,326,083
Amortization credit on NOO	(1,094,804)
Payments against the ARC	<u>(12,104,927)</u>
Annual OPEB cost (expense)	<u>\$ 21,582,922</u>
Increase in net OPEB obligations	21,582,922
Net OPEB obligation at beginning of year	<u>37,888,147</u>
Net OPEB obligation at end of year	<u>\$ 59,471,069</u>

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

7. Other Employee Benefits (continued)

A. Other Postemployment Benefits (continued)

The projection of benefits is based on the types of benefits provided under the substantive plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point. The projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

The actuarial calculations reflect a long-term perspective, actuarial method and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Trend information regarding annual OPEB cost, the percentage of the annual OPEB cost contributed and the net OPEB obligation is as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Costs (AOPEC)</u>	<u>Percentage Of AOPEBC Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$ 33,456,570	36.18%	\$ 59,471,069

Funded Status and Funding Progress

As of July 1, 2008, the most recent actuarial valuation date, the Plan was 0% funded. The actuarial accrued liability for benefits was \$59,471,069. Amounts determined regarding the funded status of the Plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shows as required supplementary information disclosures required by GASB-43 for the OPEB Plan. This schedule presents the results of OPEB valuations as of June 30, 2010 and go-forward basis. The schedule will eventually provide additional multi-year trend information about whether the actuarial values of Plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The required schedule of funding progress (presented in the required supplementary information section) presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The funded status of the Plan at June 30, 2010, to most recent actuarial valuation, was as follow

<u>Actuarial Valuation Date</u>	<u>Reporting Year</u>	(A) <u>Actuarial Value of Assets</u>	(B) <u>Actuarial Accrued Liability (AAL) Individual Entry Age</u>	(B-A) <u>Unfunded (Overfunded) AAL (UAAL)</u>	(A/B) <u>Funded Ratio</u>	(C) <u>Covered Payroll</u>	((B-A)/C) <u>UAAL as a Percentage of Covered Payroll</u>
07/01/07	2008	\$ 0	\$ 478,609,029	\$ 478,609,029	0.0%	\$ 159,905,000	299.3%

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

7. Other Employee Benefits (continued)

A. Other Postemployment Benefits (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subjected to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and plan member) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The significant methods and assumptions as of the latest actuarial valuation are as follows:

Valuation date:	July 1, 2007
Actuarial cost method:	Projected Unit Credit
Amortization period:	30-year level percent of pay assuming 4.5% increase, closed basis.
Remaining amortization period:	28 years as of July 1, 2010
Interest discount rate	Funded: 8.00% per year, net of investment expenses Unfunded: 3.5% per year, net of investment expenses
Participation:	85% of future retirees are assumed to participate in the retiree medical plan. 70% of future retirees are expected to elect life insurance.

Allocation of AOPEBC

AOPEBC costs were allocated to the City's functions as follows:

Governmental Activities:	
General government	\$ 1,772,902
Public Safety	17,720,947
Public Infrastructure	2,497,166
Public Works	105,472
Education	33,016,041
Health and human services	2,165,199
Culture and recreation	<u>1,567,903</u>
Total AOPEBC – governmental activities	<u>\$ 58,845,630</u>
Business-Type Activities:	
Water	\$ 553,728
Airport	<u>71,711</u>
Total APEBC – business-type activities	<u>\$ 625,439</u>
Total AOPEBC – government –wide	<u>\$ 59,471,069</u>

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

8. *Other Commitments*

The City of New Bedford has entered into various operating leases for real property, machinery and equipment. Several leases contain a renewal option for varying periods at similar or reduced annual rates. As of June 30, 2010, future minimum rental payments under operating leases that have initial or remaining non-cancellable lease terms are immaterial.

9. *Contingencies*

A. Wastewater Capital Improvement Program

To date, the City has financed the Wastewater Capital Improvement Program, through direct loans from the Massachusetts Water Pollution Trust totaling approximately \$140 million, which loans were secured by the issuance of City Revenue Bonds pursuant to the General Resolution. In addition to the Trust loans, the City also has issued general obligation bond anticipation notes to finance those projects in the Wastewater Capital Improvement Program that are not eligible for financing from the Trust under Federal and Massachusetts law. Such bond anticipation notes will be repaid through general obligation bonds of the City or additional city revenue bonds.

In addition, the City anticipates that it may receive funding from certain state and federal grants and from the settlement of environmental Superfund litigation between the EPA and other parties (not including the City) related to the City's Inner Harbor.

The residual cost of the facility to be funded through user fees and tax levy cannot presently be determined. No provision for any liability that may result has been made in the basic financial statements.

The City of New Bedford has signed a consent decree with the Environmental Protection Agency ("EPA"), Commonwealth of Massachusetts Department of Environmental Protection ("DEP") and the Conservation Law foundation concerning the construction of waste treatment facilities, the reduction of combined sewer overflows and compliance with certain provisions of the Clean Water Act (the "Act"). The consent decree required, among other things, the building and full operation of a Secondary Treatment Plant by January 19, 1997. Based upon final specifications and the City's recommended plan for compliance, the City has estimated that total construction costs for the waste treatment program will be approximately \$193.2 million based on present day construction costs.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

9. Contingencies (Continued)

B. Sullivan's Ledge Escrow Fund

The City has received notice from the EPA that it may be liable, along with several third parties jointly and severally, for costs associated with the clean-up of pollutants at Sullivan's Ledge. Management has indicated that the City's liability for the clean-up of this dump site will be \$600,000 for the Sullivan's Ledge Middle Marsh area (Operable Unit #2), broken down into payments of \$300,000 in fiscal 1998 and \$300,000 in fiscal 1998 plus \$30,000 for fencing in fiscal 1993. For Operable Unit #1, negotiations are currently in progress. Settlement was reached with the government in November 1994 to provide maintenance at site. The City has agreed to appropriate in an escrow account \$15,000 per year beginning in fiscal 1998 for thirty years as financial security.

- Operation and maintenance of the following activities beginning in year 1 for 30 years:

	<u>Yearly</u>	<u>30 Year Total</u>
Treatment Plant	\$ 227,000	\$ 6,825,000
Cap Maintenance	7,720	512,000
Fence Maintenance and Repair	2,400	159,000
Traffic Control (2 years)	<u>50,000</u>	<u>100,000</u>
	<u>\$ 287,120</u>	<u>\$ 7,596,000</u>

C. City Commitment to Private Parties

The City will put \$700,000 into an interest bearing account that is exclusively available to the Group in the event that the City fails to adequately perform its in-kind service obligations. This \$700,000 would be deposited into the escrow on the following schedule: \$300,000 on July 1, 1998 and \$100,000 on July 1 of each consecutive year for four years. The principal and interest would remain in the account for 15 years. The City could then annually draw down the escrow in 1/15 increments.

10. Lease Revenues

The City of New Bedford leases property on Hathaway Road to Johnson Turf and Golf Management, Inc. Areas of the land were designated part of the Sullivan Ledge Superfund site, as determined by the Environmental Protection Agency. The lease is for 35 years and began March 24, 2000 and is for \$120,000 per year less a credit of \$5,333 for unanticipated water consumption costs. In addition, this fee can be abated for individuals who had a membership to play at the Whaling City Golf Course during the 1999 calendar year up to a sum of \$100,000. The remaining fee will be adjusted annually by the consumer price index beginning in 2005.

The land was leased for the operation of an 18 hole public golf course. As stated in the lease agreement, the Whaling City Golf course is required to submit to the City of New Bedford, a certified annual audit of the financial records. The City received audited financial statements for 2007 and 2009 that were completed and delivered in the City's fiscal year 2011. Pending litigation to determine the amount of back and future rent due to the City is due and will be resolved in calendar year 2011. Audited financials of the golf course for 2010 is not received,

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

11. Joint Venture

The City of New Bedford, the Harbor Development Commission, and the Redevelopment Authority have joined in an agreement with the Whale's Tooth Parking Lot. The City of New Bedford owns this parcel of land and has bought all lighting and fixtures associated with the parking lot. The agreement between the parties is that the Harbor Development Commission will operate the parking lot and collect all parking lot revenues and will pay for all expenditures associated with the parking lot. When profits are generated from the parking lot operations, the Harbor Development Commission will begin to pay back the City of New Bedford for the fixtures and equipment that the City placed into service to operate the parking lot. Five percent of any revenue over budgeted expenditures will be remitted to the Redevelopment Authority for their involvement in the project.

12. Debt

A. Primary Government

Under state law and by authorization of the City Council, the City is authorized to borrow on a temporary basis to fund the following:

- Current operating costs prior to the collection of revenues through the issuance of revenue or tax anticipation notes (RANS or TANS);
- Special Revenue, capital projects and enterprise fund costs incurred prior to obtaining permanent financing through the issuance of bond anticipation notes (BANS) and
- Federal and state aided capital projects and other program expenditures prior to receiving reimbursement through the issuance of federal and state aid anticipation notes (FAANS and SAANS).

The City issued an \$4,230,000 Bond Anticipation Note, dated December 22, 2009, maturing February 11, 2010. This note was issued for the following:

\$ 4,230,000	Lincoln Elementary School
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The City issued a \$21,000,000 Bond Anticipation Note, dated February 12, 2010, maturing February 11, 2011. This note was issued for the following:

\$ 5,000,000	Lincoln Elementary School	\$ 1,000,000	Building Remodeling & Maintenance
\$ 15,000,000	Keith Middle School		

The City issued a \$8,192,500 Bond Anticipation Note, dated February 12, 2010, maturing June 30, 2010. This note was issued for the Sea Lab Project.

The City issued a \$7,431,250 Bond Anticipation Note, dated February 12, 2010, maturing February 11, 2011. This note was issued for Railroad Depot.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

12. Debt (Continued)

B. Long-Term Debt

C. Defeasance of Debt

In February 2008, the City issued \$22 million in General Obligation State Qualified Bonds with an average interest rate of 3.7% to advance refund \$21 million of outstanding 1998 and 2001 Series Bonds with an average interest rate of 4.6%. The net proceeds of \$22,969,719 (after payment of underwriting fees, insurance and other insurance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1998 and 2001 bonds. As a result, the 1998 and 2001 bonds are considered to be defeased and the liability of those bonds has been removed from the government-wide statement of net assets.

In an attempt to take advantage of favorable interest rates, in April 2010 the City issued \$14.96 million in General Obligation State Qualified Bonds with an average interest rate of 4.0% to advance refund \$15.69 million of outstanding 2001 Series Bonds with an average interest rate of 5.0%. The net proceeds of \$16,955,393 (after payment of underwriting fees, insurance and other insurance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2001 bonds. As a result, the 2001 bonds are considered to be defeased and the liability of those bonds has been removed from the government-wide statement of net assets.

The advance refunding of 2008 and 2010 resulted in a difference between the acquisition price and the net carrying amount of the old debt of \$1,939,000. This difference was reported in the accompanying financial statements as an addition to bonds payable and is being charged to operations through the year 2021 using the effective-interest method. The City completed the advance refunding to reduce its total debt service payments over the next 10 years and to obtain an economic gain (difference between the present values of the old and the new debt service payments) of \$1,877,713.

Through advance refunding, the city has defeased certain general obligation bonds by placing the proceeds of the new refunding bonds in an irrevocable escrow account to provide for all future debt service payments on the old bonds. As of June 30, 2010, \$47,360,000 of bonds outstanding are considered defeased in relation to the governmental funds.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

12. Debt (Continued)

D. Sources and Uses of Funds

The sources and uses of funds required for the transaction are shown below:

Sources

Principal amount of the Bonds	\$ 14,960,000
Original issue premium	2,010,252
Accrued interest	<u>155,000</u>
Total sources	<u>\$ 17,125,252</u>

Uses

Purchase price of the SLGS	\$
Purchased with bond proceeds	16,800,393
Purchased with Debt Service Funds	155,000
Beginning cash deposit to the escrow account	1
Underwriter's discount	70,460
Costs of issuance	95,350
Contingency	<u>4,048</u>
Total uses	<u>\$ 17,125,252</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

12. Debt (Continued)

The City has the following bond anticipation notes payable outstanding at June 30, 2010:

Capital Projects:

	<u>Balance 6/30/09</u>	<u>Additions Renewals</u>	<u>Retirements</u>	<u>Balance 6/30/10</u>	<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Interest Paid</u>
Bond Anticipation Note	\$	\$ 4,230,000	\$ 4,230,000	\$	12/22/09	02/11/10	2.50%	\$ 14,688
Bond Anticipation Note	7,470,000		7,470,000		02/13/09	02/12/10	4.10%	305,419
Bond Anticipation Note		21,000,000		21,000,000	02/12/09	02/11/11	1.75%	
Bond Anticipation Note	7,900,000		7,900,000		06/30/09	02/12/10	1.25%	60,896
Bond Anticipation Note		8,192,500	8,192,500		02/12/10	06/30/10	1.25%	39,256
Bond Anticipation Note	30,504,874		30,504,874		02/13/09	02/12/10	2.00%	608,403
Bond Anticipation Note		7,431,250		7,431,250	02/12/10	02/11/11	2.00%	
Total Capital Projects	<u>\$ 45,874,874</u>	<u>\$ 40,853,750</u>	<u>\$ 58,297,374</u>	<u>\$ 28,431,250</u>				<u>1,028,662</u>

General Fund:

Revenue Anticipation Note	<u>\$</u>	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	<u>\$</u>	11/20/09	06/30/10	1.25%	<u>76,389</u>
Total General Fund	<u>\$</u>	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	<u>\$</u>				<u>76,389</u>
Total Primary Government	<u>\$ 45,874,874</u>	<u>\$ 50,853,750</u>	<u>\$ 68,297,374</u>	<u>\$ 28,431,250</u>				<u>\$ 1,105,051</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

12. Debt (Continued)

Changes in balances of long-term liabilities including current portion are as follows:

	<u>Maturity Dates</u>	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Advance Refunding Net of Refunding</u>	<u>City (Retirements)</u>	<u>State (Subsidies)</u>	<u>Balance June 30, 2010</u>	<u>Balance Due in 2011</u>
Governmental Activities								
4.00-6.00% G.O. Bond	04/15/96-04/15/13	\$ 1,300,000	\$	\$	\$ 270,000	\$	\$ 1,030,000	\$ 265,000
4.60-5.80% Note	10/01/97-10/01/16	4,740,000			595,000		4,145,000	605,000
4.25-5.00% G.O. Bond	10/14/98-10/01/18	6,147,000			603,000		5,544,000	599,000
4.25-5.50% G.O. Bond	05/01/02-05/01/21	35,200,000		554,000	2,502,000		32,144,000	2,445,000
4.25-6.00% Revenue Refunding Bond	02/01/97-02/01/16	5,890,000				1,285,000	4,605,000	1,165,000
4.00-5.25% Revenue Bond	02/01/98-02/01/99	98,500,000			1,900,417	1,664,583	94,935,000	3,805,000
4.00-6.00% Revenue Bond	08/01/01-08/01/31	4,667,858			117,699	26,309	4,523,850	148,850
HUD 108-2003-A	02/01/04-08/01/22	1,460,000			90,000		1,370,000	105,000
3.125-5.00% State Qualified G.O. Bond	03/15/06-09/15/25	9,040,000			780,000		8,260,000	760,000
.85% Revenue Bond	07/15/06/-07/15/25	526,727			26,276		500,451	26,807
.85% Revenue Bond	02/15/07-02/15/27	4,934,107			133,230		4,800,877	136,339
Pool 11 MWPAT 03-36A	03/18/09-07/15/35	604,624			18,523		586,101	16,384
General Obligation State Qualified Bond	02/15/07-02/15/27	15,005,000			975,000		14,030,000	995,000
General Obligations Series A Bonds	02/14/08-10/01/27	13,600,000			580,000		13,020,000	595,000
General Obligations Series A Bonds	02/14/08-10/01/22	3,795,000			5,000		3,790,000	5,000
General Obligation State Qualified 2010			3,944,750				3,944,750	274,750
Compensated absences, restated		16,758,022			328,099		16,429,923	186,146,899
Capital leases, restated		73,598			73,598			
General Obligation State Qualified			950,000				950,000	85,000
Total governmental activities		222,241,936	4,894,750	554,000	8,997,842	2,975,892	214,608,952	198,179,029
Business-Type Activities								
4.00-6.00% G.O. Bonds	04/15/96-04/15/13	2,370,000			310,000		2,060,000	315,000
4.25-5.50% G.O. Bonds	05/01/02-05/01/21	1,258,000		16,000	110,000		1,132,000	111,000
.85% Revenue Bonds	08/01/03-08/01/24	1,794,332			81,488	24,169	1,888,675	107,534
.85% Revenue Bonds	02/01/05-08/01/24	1,791,051			86,122		1,704,929	88,495
.85% Revenue Bonds	02/01/05-08/01/24	3,528,142			170,306		3,357,838	174,993
2% MWPAT Bond	12/04/06-07/15/26	374,988			17,481		357,507	264,175
2% MWPAT Bond	12/14/06-07/15/26	5,554,531			258,945		5,295,586	17,834
.85% Revenue3 Bond	3/18/09-07/15/28	8,039,458			356,928		7,682,530	335,716
Compensated Absences		510,942			46,797		464,145	234,241
Capital Leases		22,826			22,826			
General Obligation State Qualified 2010			10,626,250				10,626,250	246,250
Total business-type activities		25,244,270	10,626,250	16,000	1,460,893	24,169	34,369,458	1,895,238
Total governmental plus business-type activities		\$ 247,486,206	\$ 15,521,000	\$ 570,000	\$ 10,458,736	\$ 3,000,060	\$ 248,978,410	\$ 200,074,267

In prior years the general fund, wastewater, water and the library special revenue funds have been used to liquidate long-term debt.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

12. Debt (Continued)

Debt service requirements to maturity for long-term debt:

	<u>Principal</u>	<u>Total Interest</u>	<u>Total Debt</u>	<u>Less: Total Subsidized Payments (MWPAT)</u>	<u>Total City Debt Service</u>
2011	13,693,127	10,783,771	24,476,898	6,346,118	18,130,780
2012	13,909,274	10,113,384	24,022,658	6,213,561	17,809,097
2013	14,126,689	9,398,460	23,525,149	6,080,015	17,445,134
2014	14,968,415	8,603,118	23,571,533	5,942,740	17,628,793
2015	15,044,329	7,976,093	23,020,422	5,802,712	17,217,710
2016	15,406,125	7,326,473	22,732,598	5,654,051	17,078,547
2017	15,371,231	6,664,806	22,036,037	5,497,938	16,538,099
2018	15,135,026	6,027,630	21,162,656	5,367,636	15,795,020
2019	15,530,913	5,440,600	20,971,513	5,229,204	15,742,309
2020	15,332,196	4,580,384	19,912,580	5,091,288	14,821,292
2021	15,058,894	3,706,189	18,765,083	4,946,428	13,818,655
2022	11,551,008	2,830,977	14,381,985	4,801,024	9,580,961
2023	11,513,552	2,332,662	13,846,214	4,647,900	9,198,314
2024	11,402,242	1,835,269	13,237,511	4,443,821	8,793,690
2025	11,673,972	1,290,518	12,964,490	4,306,472	8,658,018
2026	10,706,311	860,455	11,566,766	4,113,026	7,453,740
2027	2,592,046	401,091	2,993,137	121,471	2,871,666
2028	1,568,212	326,883	1,895,095	115,849	1,779,246
2029	1,508,056	274,330	1,782,386	110,068	1,672,318
2030	1,067,300	226,515	1,293,815	104,072	1,189,743
2031	1,097,868	181,907	1,279,775	93,138	1,186,637
2032	833,568	142,896	976,464		976,464
2033	874,401	110,737	985,138		985,138
2034	905,371	76,247	981,618		981,618
2035	941,481	40,467	981,948		981,948
2036	272,735	3,164	275,899		275,899
	<u>\$ 232,084,342</u>	<u>\$ 91,555,026</u>	<u>\$ 323,639,368</u>	<u>\$ 85,028,532</u>	<u>\$ 238,610,836</u>

Authorized and unissued debt at June 30, 2010, is as follows:

<u>Purpose</u>	<u>Date Authorized</u>	<u>Original Amount Authorized</u>	<u>FY09 Authorized/ Unissued</u>	<u>FY10 Authorized</u>	<u>Issued/ Retired Rescinded</u>	<u>FY10 Payments</u>	<u>Net Unissued</u>
WW Treatment facility	08/27/90	14,000,000	9,000,000				9,000,000
WW Treatment facility	06/21/91	224,300,000	73,215,000				73,215,000
Normandin Middle School	05/01/00	39,200,000	558,004				558,004
Keith Middle School	05/01/00	53,784,000	51,752,056		(12,968,056)		38,784,000
Land Development	03/01/01	480,000	215,000				215,000
Keith Middle School	08/01/01	11,659,600	6,044,600		3,578,056		9,622,656
Campbell Elementary/ Middle School	05/01/02	47,200,000	45,700,000				45,700,000
Winslow Elementary School	05/01/02	17,000,000	16,000,000				16,000,000
Water Projects	07/01/02	8,455,000	1,755,448				1,755,448
DeValles Elementary School	06/01/03	11,000,000	10,680,000				10,680,000
Sewer Separation	06/01/03	274,644	274,644				274,644
Harbor Dredging	06/25/04	200,000	200,000		(200,000)		
Incubator/Building Renovations	06/25/04	2,000,000	2,000,000		(2,000,000)		
West End Sewer Separation	06/25/04	21,608,000	21,282,644				21,282,644
Street Paving	06/23/05	6,000,000	6,000,000		(6,000,000)		
West End Sewer Separation Phase V	07/27/05	2,500,000	290,029				290,029
Mount Pleasant Street/Sawyer Street Area Project	08/23/05	2,500,000	2,500,000				2,500,000
Hannigan School	09/14/06	3,000,000	3,000,000				3,000,000
School Bonds	12/01/06	3,000,000	3,000,000		(3,000,000)		
Keith Middle School - Contamination Cleanup	12/01/06	34,564,165	30,864,165		3,700,000		34,564,165

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

12. Debt (Continued)

<u>Purpose</u>	<u>Date Authorized</u>	<u>Original Amount Authorized</u>	<u>FY09 Authorized/ Unissued</u>	<u>FY10 Authorized</u>	<u>Issued/ Retired Rescinded</u>	<u>FY10 Payments</u>	<u>Net Unissued</u>
Airport Hanger & Leasehold	12/13/06	1,100,000	1,100,000		(1,100,000)		
Brooks Elementary School	12/21/06	21,766,800	20,766,800				20,766,800
Lincoln Elementary School	12/21/06	26,105,200	18,905,200		(15,294,466)		3,610,734
Quittacas Infrastructure Energy	07/16/09	5,500,000		5,500,000	(4,983,953)		516,047
Repair Bond	07/23/09	<u>3,000,000</u>	<u> </u>	<u>3,000,000</u>	<u>(1,000,000)</u>	<u> </u>	<u>2,000,000</u>
		<u>\$ 560,197,409</u>	<u>\$ 325,103,590</u>	<u>\$ 8,500,000</u>	<u>\$(39,268,419)</u>	<u>\$ </u>	<u>\$ 294,335,171</u>

The state subsidy for the school authorization is anticipated from the State Board of Education as part of the School Building Assistance Program.

Debt service requirements to maturity for short-term debt:

	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total Debt</u>
2011	<u>\$ 28,431,250</u>	<u>\$ 514,691</u>	<u>\$ 28,945,941</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

13. Fund Deficit

The following individual funds had deficit fund equity balances as of June 30, 2010:

Capital Project Funds:	Fund Deficit	Less MWPAT Interim Loan O/S & BAN's O/S	Net Deficit
Building R&M 2.9 Mill Bond	\$(401,747)	\$ 1,000,000	\$
Keith Middle School	(7,293,821)	15,000,000	
Lincoln Elementary School	(4,008,917)	5,000,000	
Railroad Depot	(6,633,687)	7,431,250	
19.3 SRF-CSO Project	(67,488)		(67,488)***
5.5M SRF QTP Energy Improv	(68,483)		(68,483)***
Sea Lab	(381)		(381) *
Total Capital Projects Funds	<u>\$(18,474,524)</u>	<u>\$ 28,431,250</u>	<u>\$(136,352)</u>
Special Revenue:			
Federal & State Grants:			
COPS Hiring Program	\$ 62,477	\$	\$ 62,477*
WAVA Stop FFY09 EOPS	499		499*
SEB Training Grant 10	102		102*
Justice Assistance Grant FFY09	1,554		1,554*
Recovery Act Bryne JAG FFY09	909		909*
Weed & Seed V	1,115		1,115*
GREAT Grant FFY08	127		127*
MA Mun Police Serv Staff Gr	2,784		2,784*
Shannon CSI Grant 10	1,112		1,112*
Fire Services Staff Grant	50,952		50,952*
Substance Abuse & Early I	148		148*
Water Conservation Grant DEP	627		627*
AIP 32 Airport Planning	3,510		3,510*
Apron Pavement Analysis Grant	250		250*
GDI 1.7M United Front Home	805		805*
Total Federal & State Grants	<u>126,971</u>		<u>126,971</u>

* The deficit will require a future administrative plan to fund this deficit and eliminate it.

** The deficit will be eliminated by future bond issuance.

*** The deficit will be eliminated by reimbursements from the Commonwealth of Massachusetts or the federal government.

Continued

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

13. Fund Deficit (Continued)

	<u>Fund Deficit</u>	<u>Less MWPAT Interim Loan O/S & BAN's O/S</u>	<u>Net Deficit</u>
School Grants:			
ESOL	\$ 9,317	\$	\$ 9,317*
Career Majors	5,533		5,533*
DTA Literacy	150		150*
Adult Literacy Program	18,801		18,801*
FACTS	<u>136</u>	<u></u>	<u>136*</u>
Total School Grants	<u>33,937</u>	<u></u>	<u>33,937</u>
 Total Special Revenue	 <u>\$ 33,937</u>	 <u>\$</u>	 <u>\$ 33,937</u>
Other Special Revenue:			
Food Service Concession Stand	<u>\$ 186</u>	<u>\$</u>	<u>\$ 186*</u>
Total Other Special Revenue	<u>\$ 186</u>	<u>\$</u>	<u>\$ 186</u>
Agency Funds:			
Retirement salaries	<u>\$ 278</u>	<u>\$</u>	<u>\$ 278*</u>
Total Agency	<u>278</u>	<u>\$</u>	<u>278</u>
Total Fund Deficits	<u>\$ 34,401</u>	<u>\$</u>	<u>\$ 34,401</u>

* The deficit will require a future administrative plan to fund this deficit and eliminate.

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

14. Restatement

In some instances beginning fund balance/net assets have been restated as a result of adjustments made to correct or reclassify prior year balances. Such adjustments, summarized by fund type are as follows:

<u>Governmental Funds</u>	<u>Federal/State Grants</u>	<u>Capital Projects</u>
Beginning balance, July 1, 2009	\$ 1,356,032	\$ (29,072,992)
To defer revenue in grant fund improperly recognized in prior year	(18,255)	
To correct prior year MWPAT receivable balances		(801,263)
Beginning balance, July 1, 2009, restated	<u>\$ 1,337,777</u>	<u>\$ (29,874,255)</u>

<u>Proprietary Funds</u>	<u>Airport</u>	<u>Water</u>
Beginning balance, July 1, 2009	\$ 7,062,449	\$ 31,990,088
To restate capital assets to actual at year end	(14,613)	
Beginning balance, July 1, 2009, restated	<u>\$ 7,047,836</u>	<u>\$ 31,990,088</u>

The following were the restatements that occurred at the Government-Wide level. This includes the adjustments above plus any additional adjustments.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Beginning balance, July 1, 2009	\$ 87,833,444	\$ 39,052,537
Restatements, per above	(819,518)	(14,613)
To restate capital assets to actual at year end for governmental Activities	(6,144)	
Beginning balance, July 1, 2009, restated	<u>\$ 87,007,782</u>	<u>\$ 39,037,924</u>

CITY OF NEW BEDFORD, MASSACHUSETTS

Notes to the Financial Statements

June 30, 2010

15. Risk Management

The City is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, unemployment and employee health and life insurance claims.

Buildings are fully insured against fire, theft, and natural disaster to the extent that losses exceed \$100,000 per incident. The City is self insured for other general liability; however, Chapter 258 of the MGL limits the liability to a maximum of \$100,000 per claimant in all matters except actions relating to Federal civil rights, eminent domain and breach of contract. The City is also self-insured for unemployment and workers' compensation.

The City provides a variety of health benefits to employees. The partially self-insured Harvard plans paid through an established internal service fund based on total claims. Employees contribute 25% of the cost of healthcare with the remainder paid by the City. The City also provides health and life insurance benefits to certain retirees, as discussed in note 7.

Liabilities for self-insured judgments and claims are recorded in the entity wide financial statements if it is probable that a loss has been incurred and the amount can be reasonably estimated. The City accounts for its self-insurance costs that have matured in the general, wastewater, water and airport funds in the fund-basis statements.

The City has established a liability for health claims based on actual amounts paid two months subsequent to year-end (provided by the third-party administrator) and an estimate of future claims based on historical trends.

The City has established a liability for judgments and claims on a case-by-case review of all known claims, estimates of losses incurred but not reported, incremental costs incurred only because of claims, historical trends of previous years, and attorneys' estimates of pending matters and lawsuits in which the City is involved.

Changes in the self insurance liability for the year ended June 30, 2010 is as follows:

Health Claims, Beginning of Year	\$ 4,001,000
Incurred Claims	46,182,196
Payments of claims attributable to events of the fiscal year:	
Health	(46,442,414)
Health Claims, End of Year	<u>\$ 3,740,782</u>

There are numerous cases pending in courts throughout the Commonwealth, where the City of New Bedford is a defendant. In the opinion of the City Solicitor, none of the pending litigation is likely to result in final judgments against the City that would materially affect its financial position.

16. Subsequent Events

On July 8, 2010, the City of New Bedford, Massachusetts closed on the Water Pollution and Drinking Water Revenue Bonds in the amount of \$6,628,741.

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information
Statement of Revenues and Expenditures – (Non-GAAP Budgetary Basis)
Budget and Actual – General Fund

For the Year Ended June 30, 2010

	<u>Original Budget</u>		<u>Additional Appropriations and Transfers</u>	<u>Total Budgeted</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Encumbrances Carried Forward</u>	<u>Budget as Adopted</u>					
Revenues:							
Tax collections net of refunds:							
Real estate and personal property taxes	\$	\$ 90,015,066	\$ 832,193	\$ 90,847,259	\$ 90,847,259	\$	\$
Local receipts:							
Motor vehicle excise		5,700,000		5,700,000	5,285,030		(414,970)
Other excise collections		52,066	299,934	352,000	375,456		23,456
Penalties and interest		1,590,000	(290,000)	1,300,000	1,340,464		40,464
Payments in lieu of taxes		254,200	(104,200)	150,000	208,854		58,854
Charges for services:							
Trash		2,600		2,600	2,842		242
Departmental:							
School		2,307,700	32,300	2,340,000	2,063,341		(276,659)
Library		17,900		17,900	18,978		1,078
Cemeteries		433,000	3,563	436,563	297,266		(139,297)
Traffic		1,447,000	(47,000)	1,400,000	1,399,368		(632)
Other		11,458,792	(624,923)	10,833,869	11,193,753		359,884
Fines and forfeitures		244,000	(44,000)	200,000	201,354		1,354
Licenses and permits		2,094,550	235,000	2,329,550	2,289,056		(40,494)
Indirects:		520,000	50,000	570,000	1,065,500		495,500
Earnings on investments		500,000	(275,000)	225,000	143,933		(81,067)
Miscellaneous on recurring					26,984		26,984
Miscellaneous on non-recurring		74,835	26,165	101,000	597,973		496,973
Special assessments & betterments					291		291
Governmental revenue:							
Federal					10,722		10,722
State		136,523,908		136,523,908	136,077,407		(446,501)
Total revenues		253,235,617	94,032	253,329,649	253,445,831		116,182

See notes to required supplementary information
See accompanying independent auditors' report

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CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information
Statement of Revenues and Expenditures – (Non-GAAP Budgetary Basis)
Budget and Actual – General Fund

For the Year Ended June 30, 2010

	<u>Original Budget</u>		<u>Additional Appropriations and Transfers</u>	<u>Total Budgeted</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Encumbrances Carried Forward</u>	<u>Budget as Adopted</u>					
Expenditures:							
General government	58,306	5,487,113	82,066	5,627,485	5,513,587	350	113,548
General government-unclassified		9,053,975	415,157	9,469,132	9,367,102		102,030
Public safety:							
Police		21,085,224	26,300	21,111,524	21,003,739		107,785
Fire		12,906,501	145,000	13,051,501	12,979,114		72,387
EMS		1,912,643	302,643	2,215,286	2,195,545		19,741
Inspector of buildings		953,539		953,539	929,796		23,743
Other							
Health and sanitation operations		691,283	82,000	773,283	773,283		
Highways and streets		1,218,355	(71,300)	1,147,055	1,118,613		28,442
Public Facilities		9,206,472	(171,106)	9,035,36	8,688,171		347,195
Snow Removal		300,000	74,106	374,106	374,103		3
Education:							
School Department		106,469,613		106,469,613	106,469,613		
Other		4,129,066		4,129,066	4,129,066		
Human services		3,530,623	597,649	4,128,272	4,085,111	1,689	41,472
Culture and recreation	4,585	2,975,697	3,400	2,983,682	2,893,420		90,262
Zoo		951,822	27,000	978,822	969,389		9,433
Debt service		9,691,219	(103,680)	9,587,539	9,358,695		228,844
Health and Life Insurance		35,915,000	1,612,500	37,527,500	37,461,656		65,844
Pension		22,431,070	(200,445)	22,230,625	22,224,935		5,690
Intergovernmental expenditures		6,935,344		6,935,344	6,687,710		247,634
Total expenditures	62,891	255,844,559	2,821,290	258,728,740	257,222,648	2,039	1,504,053
Excess (deficiency) of revenues over expenditures	(62,891)	(2,608,942)	(2,727,258)	(5,399,091)	(3,776,817)	(2,039)	1,620,235

See notes to required supplementary information
See accompanying independent auditors' report

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CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information
Statement of Revenues and Expenditures – (Non-GAAP Budgetary Basis)
Budget and Actual – General Fund

For the Year Ended June 30, 2010

	<u>Original Budget</u>		Additional Appropriations and Transfers	Total Available	<u>Actual</u>	Encumbrances Carried Forward	Variance Favorable (Unfavorable)
	Encumbrances Carried Forward	Budget as Adopted					
Other financing sources and (uses):							
Operating transfers in		2,608,942	2,384,420	4,993,362	5,174,919		181,557
Operating transfers out			(485,884)	(485,884)	(485,884)		
Appropriation deficit			(26,183)	(26,183)	(24,025)		2,158
Revenue Deficit			(30,979)	(30,979)	(30,979)		
Overlay deficit			<u>400,000</u>	<u>400,000</u>			<u>(400,000)</u>
Total other financing sources (uses)		<u>2,608,942</u>	<u>2,241,374</u>	<u>4,850,316</u>	<u>4,634,031</u>		<u>(216,285)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$(62,891)</u>	<u>\$</u>	<u>\$(485,884)</u>	<u>\$(548,775)</u>	\$ 857,214	<u>\$(2,039)</u>	<u>\$ 1,403,950</u>
Beginning Budgetary Fund Balance					<u>13,433,307</u>		
Ending Budgetary Fund Balance					<u>\$ 14,290,521</u>		

See notes to required supplementary information
See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information
Statement of Revenues and Expenditures - (Non-GAAP Budgetary Basis)
Budget and Actual – Water Enterprise Fund

For the Year Ended June 30, 2010

	<u>Original Budget</u>						
	<u>Encumbrances Carried Forward</u>	<u>Budget as Adopted</u>	<u>Additional Appropriations and Transfers</u>	<u>Available for Current Year Expenditures</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:							
Charges for services	\$	\$ 9,421,265	\$	\$ 9,421,265	\$ 9,291,650	\$	\$(129,615)
Utility liens and penalties		1,000		1,000	88,795		87,795
Other		44,200		44,200	45,534		1,334
Total revenues		9,466,465		9,466,465	9,425,979		(40,486)
Expenses:							
Salaries and wages		2,945,342	(159,800)	2,785,542	2,718,487		67,055
Charges and services		1,924,728	(127,000)	1,797,728	1,654,845		142,883
Materials and supplies		1,110,000		1,110,000	950,780		159,220
Capital outlay		96,000		96,000	19,507		76,493
Debt service		1,967,537		1,967,537	1,954,226		13,311
Total expenses		8,043,607	(286,800)	7,756,807	7,297,845		458,962
Excess (deficiency) of revenues over expenses		1,422,858	286,800	1,709,658	2,128,134		418,476
Other financing sources and (uses):							
Operating transfers in							
Operating transfers out		(1,422,858)	(286,800)	(709,658)	(1,840,108)		(130,450)
Total other financing sources and (uses)		(1,422,858)	(286,800)	(1,709,658)	(1,840,108)		(130,450)
Excess (deficiency) of revenue and other sources over expenses and other uses	\$	\$	\$	\$	288,026	\$	\$ 288,026
Budgetary fund balance at the beginning of the year					2,535,408		
Budgetary fund balance at the end of the year					\$ 2,823,434		

See notes to required supplementary information
See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information
Statement of Revenues and Expenditures - (Non-GAAP Budgetary Basis)
Budget and Actual – Airport Enterprise Fund

For the Year Ended June 30, 2010

	<u>Original Budget</u>		<u>Additional Appropriations and Transfers</u>	<u>Available for Current Year Expenditures</u>		<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Encumbrances Carried Forward</u>	<u>Budget as Adopted</u>			<u>Actual</u>		
Revenues:							
Charges for services	\$	690,044	\$	690,044	\$ 687,070	\$	\$ (2,974)
Total revenues		690,044		690,044	687,070		(2,974)
Expenditures:							
Salaries and wages		307,407	13,500	320,907	316,122		4,785
Charges and services		129,951	5,000	134,951	132,345		2,606
Materials and supplies		33,223	2,727	35,950	36,090		(140)
Total expenditures		470,581	21,227	491,808	484,557		7,251
Excess (deficiency) of revenues over expenditures		219,463	(21,227)	198,236	202,513		4,277
Other financing sources and (uses):							
Operating transfers out		(219,463)	21,227	(198,236)	(185,312)		12,924
Total other financing sources and (uses)		(219,463)	21,227	(198,236)	(185,312)		12,924
Excess (deficiency) of revenue and other sources over expenses and other uses	\$	\$	\$	\$	17,201	\$	\$ 17,201
Budgetary fund balance at the beginning of the year					(30,979)		
Budgetary fund balance at the end of the year					<u>\$(13,778)</u>		

See notes to required supplementary information

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information
Statement of Revenues and Expenditures - (Non-GAAP Budgetary Basis)
Budget and Actual – Airport Enterprise Fund

For the Year Ended June 30, 2010

..	<u>Original Budget</u>		<u>Appropriations and Transfers</u>	<u>Available for Current Year Expenditures</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Encumbrances Carried Forward</u>	<u>Budget as Adopted</u>					
Revenues:							
Charges for services	\$	\$ 18,876,611	\$	\$ 18,876,611	\$ 18,100,654	\$	\$ (775,957)
Earnings on investments					137,728		137,728
Other					425,207		425,207
Total revenues		<u>18,876,611</u>		<u>18,876,611</u>	<u>18,663,589</u>		<u>(213,022)</u>
Expenditures:							
Salaries and wages		1,942,700		1,942,700	1,719,849		222,851
Charges and services		9,054,217		9,054,217	8,536,752		517,465
Materials and supplies		613,500		613,500	427,704	4,137	181,659
Capital outlay	31,400	253,000		284,400	36,156		248,244
Debt service		<u>1,549,031</u>		<u>1,549,031</u>	<u>1,543,514</u>		<u>5,517</u>
Total expenditures	<u>31,400</u>	<u>13,412,448</u>		<u>13,443,848</u>	<u>12,263,975</u>	<u>4,137</u>	<u>1,175,736</u>
Excess (deficiency) of revenues over expenditures	<u>(31,400)</u>	<u>5,464,163</u>		<u>5,432,763</u>	<u>6,399,614</u>	<u>(4,137)</u>	<u>962,714</u>
Other financing sources and (uses):							
Operating transfers out		<u>(5,464,163)</u>		<u>(5,464,163)</u>	<u>(5,661,069)</u>		<u>(196,906)</u>
Total other financing sources and (uses)		<u>(5,464,163)</u>		<u>(5,464,163)</u>	<u>(5,661,069)</u>		<u>(196,906)</u>
Excess (deficiency) of revenue and other sources over expenses and other uses	<u>\$ (31,400)</u>	<u>\$</u>	<u>\$</u>	<u>\$ (31,400)</u>	738,545	<u>\$ (4,137)</u>	<u>\$ 765,808</u>
Budgetary fund balance at the beginning of the year					<u>3,154,702</u>		
Budgetary fund balance at the end of the year					<u>\$ 3,893,247</u>		

See notes to required supplementary information

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information Notes to Schedule of Revenues, Expenditures/Expenses and Changes in Fund Balance – Budget and Actual – Budgetary Basis

For the Year Ended June 30, 2010

Budgetary - GAAP Reporting Reconciliation

The accompanying Combined Statement of Revenues, Expenditures or Expenses - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund, Water and Airport Enterprise Funds and Wastewater Treatment Plant Special Revenue Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major difference between the budgetary basis and the Generally Accepted Accounting Principles ("GAAP") basis are that:

- A) Revenues are recorded when received in cash (budgetary basis) as opposed to when susceptible to accrual (GAAP basis), except for real estate and personal property taxes which are recorded when committed;
- B) Expenditures/expenses are recorded when paid in cash (budgetary basis) as opposed to when liability is incurred (GAAP basis);
- C) Encumbrances are reported as expenditures/expenses (budgetary basis) as opposed to a reservation of fund balance (GAAP basis).

Therefore, timing, perspective, and entity differences in the excess (deficiency) of revenues and other sources of financial resources and expenditures and other uses for the year ended June 30, 2010 are as follows:

	<u>Government Funds</u>		<u>Enterprise Funds</u>	
	<u>General Fund</u>	<u>Special Revenue Wastewater Operating</u>	<u>Water</u>	<u>Airport</u>
Revenues and other financing sources:				
GAAP Basis	\$ 285,730,299	\$ 18,762,031	\$ 14,682,141	\$ 1,324,144
Adjustments:				
Increase in real estate and personal property taxes to full accrual	316,078			
Reversal of deferred revenue			(186,196)	
Unbudgeted MTRB on-behalf payments	(27,248,564)			
Change in the allowance of bad debts				5,463
Unbudgeted transfers in	(174,101)	(98,442)	(5,053,966)	(640,053)
Recognition of Deferred Revenue				(2,484)
Proceeds from advance refunding			(16,000)	
Revenue used to reimburse expenditures	(2,962)			
Budgetary Basis	<u>\$ 258,620,750</u>	<u>\$ 18,663,589</u>	<u>\$ 9,425,979</u>	<u>\$ 687,070</u>

See accompanying independent auditors' report

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CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information
Notes to Schedule of Revenues, Expenditures/Expenses and Changes
in Fund Balance – Budget and Actual – Budgetary Basis

For the Year Ended June 30, 2010

Budgetary - GAAP Reporting Reconciliation (continued)

	<u>Government Funds</u>		<u>Enterprise Funds</u>	
	<u>General Fund</u>	<u>Special Revenue Wastewater Operating</u>	<u>Water</u>	<u>Airport</u>
Expenditures and other financing uses:				
GAAP Basis	\$ 285,210,481	\$ 17,916,558	\$ 21,170,607	\$ 1,035,804
Adjustments:				
Unbudgeted MTRB on-behalf payments	(27,548,564)			
Unbudgeted transfers out	(198,381)		(9,870)	
Change in compensated absences			28,602	18,194
Unbudgeted change in inventory		8,486	(25,369)	
Unbudgeted change in post employment benefits				(27,428)
Principal paid on long term debt			1,391,271	
Additions to capital assets			(10,519,733)	7,869
Depreciation expense			(2,308,631)	(364,570)
Change in accrued interest			(381,577)	
Change in OPEB			(207,349)	
Budgetary basis	<u>\$ 257,763,536</u>	<u>\$ 17,925,044</u>	<u>\$ 9,137,953</u>	<u>\$ 669,869</u>

Excess of Expenditures Over Appropriations

The legal level of control for which expenditures can not exceed appropriation is at the category level within a department (i.e., salaries, charges and services; supplies and materials; capital outlay; and debt service.)

In FY10, the following categories within each department for which expenditures exceeded appropriations.

Board of Elections	Salaries	9,897
Marketing/Tourism	Salaries	<u>693</u>
		<u>\$ 10,590</u>

See accompanying independent auditors' report

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CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information Contributory Retirement System Schedule of Funding Progress

December 31, 2009

(UNAUDITED)

<u>Actuarial Valuation Date</u>	<u>Reporting Year</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Individual Entry Age</u>	<u>Unfunded (Overfunded) AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
01/01/94	1993	84,143,582	189,485,031	105,341,449	44%	47,428,221	222%
01/01/94	1994	84,143,582	189,485,031	105,341,449	44%	60,048,850	175%
01/01/94	1995	84,143,582	189,485,031	105,341,449	44%	59,995,153	176%
01/01/94	1996	84,143,582	189,485,031	105,341,449	44%	57,638,616	183%
01/01/98	1997	133,140,386	248,033,340	114,892,954	54%	63,312,483	181%
01/01/98	1998	133,140,386	248,033,340	114,892,954	54%	57,639,014	199%
01/01/98	1999	133,140,386	248,033,340	114,892,954	54%	65,000,000	177%
01/01/98	2000	133,140,386	248,033,340	114,892,954	54%	68,936,441	167%
01/01/01	2001	157,129,409	305,813,631	148,684,222	51%	75,089,435	198%
01/01/01	2002	157,129,409	305,813,631	148,684,222	51%	72,843,21	204%
01/01/01	2003	157,129,409	305,813,631	148,684,222	51%	82,981,340	179%
01/01/04	2004	175,663,857	380,950,456	205,286,599	46%	75,414,151	272%
01/01/04	2005	175,663,857	380,950,456	205,286,599	46%	82,821,749	248%
01/01/04	2006	192,032,773	416,761,645	224,728,872	46%	87,993,734	255%
01/01/07	2007	210,446,468	469,061,751	258,615,283	45%	77,004,701	336%
01/01/07	2008	210,446,468	469,061,751	258,615,283	45%	86,659,224	298%
01/01/09	2009	196,465,884	516,132,737	319,666,853	38%	90,036,405	355%
01/01/10	2010	226,978,870	545,614,798	318,635,928	42%	82,625,990	386%

Isolated analysis of the dollar amounts of net assets available for benefits, actuarial accrued liability, and unfunded actuarial accrued liability can be misleading. Expressing the net assets available for benefits as a percentage of the actuarial accrued liability provided one indication of the Plans' funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Plan. Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids in the analysis of the progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the Plans.

Note: Actuarial valuations are only performed every three years. Accordingly, the information presented above is not comparative between years.

*Estimated

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information
Contributory Retirement System
Schedule of Employer Contributions

December 31, 2009

(UNAUDITED)

<u>Year Ended June 30</u>	<u>Annual Required Contributions</u>	<u>Year Ended December 31</u>	<u>Actual Contributions</u>	<u>Percentage Contributed</u>
1994	\$ 12,368,255	1993	\$ 11,991,216	97%
1995	10,930,599	1994	11,610,801	106%
1996	11,430,599	1995	11,344,309	99%
1997	10,833,227	1996	11,817,662	109%
1998	12,134,738	1997	12,652,023	104%
1999	10,717,334	1998	11,560,776	108%
2000	11,089,000	1999	11,089,000	100%
2001	11,474,000	2000	11,474,000	100%
2002	11,873,000	2001	11,873,000	100%
2003	14,336,000	2002	14,345,564	100%
2004	14,819,118	2003	14,569,050	98%
2005	16,148,800	2004	15,470,688	96%
2006	20,814,000	2005	18,288,018	88%
2007	18,848,697	2006	18,848,697	100%
2008	22,466,545	2007	22,484,125	100%
2009	25,877,801	2008	24,012,561	93%
2010	24,829,417	2009	24,747,734	99%

Although annual required contributions are calculated on a fiscal year basis, the City of New Bedford Contributory Retirement System reports on a calendar year basis, therefore, some disparity may exist between required contributions and actual contributions due to this timing difference.

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

The amount of the total actuarial accrued liability is based on a standardized measurement. The standardized measurement is the actuarial present value of credited projected benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effects of projected salary increases. The standardized measurement of the actuarial accrued liability is intended to enable users of the financial statements to (a) assess the Plans' funding status on a going-concern basis, (b) assess progress made in accumulating sufficient assets to pay benefits when due, and (c) make comparisons among employers.

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Required Supplementary Information
Contributory Retirement System
Schedule of Employer Contributions

December 31, 2009

(UNAUDITED)

A variety of significant actuarial assumptions are used to determine the standardized measure of the pension benefit obligation. These assumptions are summarized below:

- The actuarial cost method used to determine liabilities and costs and to project future funding requirements is known as the Individual Entry Age Normal Cost Method. Under this method, the annual normal cost of the system is determined as the total of each member's level percentage of payroll necessary to fund all benefits expected to be paid if such percentage of each member's pay was and will be contributed from entry into the system until retirement, death or termination of employment. The actuarial liability on the valuation date is calculated as the amount which would be on hand if all prior normal costs had been fully funded at that date. The unfunded actuarial liability is the actuarial liability less the assets.
- Actuarial value of assets is market value.
- Mortality is assumed to be in accordance with the RP-2000 Mortality Table, with ages set forward two years for all disabled members.
- Ten percent of assumed deaths represent "in line of duty" deaths.
- Investment return on current assets and future contributions is assumed to be at the rate of 8.25% per year, compounded annually. This return includes interest, dividends and realized and unrealized gains.
- Salaries, including longevity, were assumed to increase 5.0% per year for each member.
- Cost-of-living increases have been assumed to be 3% of the lesser of the pension amount and \$12,000 per year.
- Rates of disablement are assumed to occur in accordance with a study conducted by PERAC with rates ranging from .01% to 1.25%.
- It is assumed that 55% of all disabilities are occupational for Group 1 and 2 members and that 90% of disabilities are occupational for Group 4 members.
- Rates of turnover (termination of employment before becoming eligible for retirement) are in accordance with a study conducted by PERAC with rates ranging from .0% to 1.50%.
- Retirement rates were assumed to range from 1% to 100% for various ages, positions within the government and genders.

The most recent actuarial valuation of the Plan was prepared as of January 1, 2010.

No changes in actuarial assumptions or benefit provisions that would significantly affect the valuation of the actuarial accrued liability occurred during 2010.

See accompanying independent auditors' report

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CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
Major Governmental Funds - Wastewater
Combining Balance Sheet

June 30, 2010

	<u>Operating</u>	<u>Special Projects</u>	<u>Debt Service</u>	<u>Total</u>
ASSETS				
Cash and investments, unrestricted	\$ 6,927,386	\$ 889,491	\$ 3,266,678	\$ 11,083,555
User charges receivable	1,132,051			1,132,051
Special assessments receivable	305,770			305,770
Department receivables	50,015			50,015
Inventory	81,662			81,662
Due from other funds	<u>371,069</u>	<u>20</u>	<u></u>	<u>371,089</u>
Total assets	<u>\$ 8,867,953</u>	<u>\$ 889,511</u>	<u>\$ 3,266,678</u>	<u>\$ 13,024,142</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Warrants payable	\$ 1,266,651	\$	\$	\$ 1,266,651
Accounts payable and accrued expenses	19,304	3,820		23,124
Deferred revenue	1,487,836			1,487,836
Due to other funds	<u>2,679,600</u>	<u></u>	<u>366,102</u>	<u>3,045,702</u>
Total liabilities	<u>5,453,391</u>	<u>3,820</u>	<u>366,102</u>	<u>5,823,313</u>
Fund balances:				
Reserved/designated	1,635,918		2,900,576	4,536,494
Unreserved	<u>1,778,644</u>	<u>885,691</u>	<u></u>	<u>2,664,335</u>
Total fund balance	<u>3,414,562</u>	<u>885,691</u>	<u>2,900,576</u>	<u>7,200,829</u>
Total liabilities and fund balances	<u>\$ 8,867,953</u>	<u>\$ 889,511</u>	<u>\$ 3,266,678</u>	<u>\$ 13,024,142</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
Major Governmental Funds - Wastewater
Combining Statement of Revenues and Changes in Fund Balance

For the Year Ended June 30, 2010

	<u>Operating</u>	<u>Special Projects</u>	<u>Debt Service</u>	<u>Total</u>
Revenues:				
Utility usage charges	\$ 18,197,398	\$	\$	\$ 18,197,398
Intergovernmental revenues			6,289,399	6,289,399
Investment income	139,427	3,671		143,098
Other	<u>425,206</u>	<u></u>	<u></u>	<u>425,206</u>
Total revenues	<u>18,762,031</u>	<u>3,671</u>	<u>6,289,399</u>	<u>25,055,101</u>
Expenditures:				
Salaries	1,719,849			1,719,849
Charges and services	8,536,752			8,536,752
Supplies and materials	419,217			419,217
Capital outlay	36,156	276,235		312,391
Debt service	<u>1,543,514</u>	<u></u>	<u>10,674,778</u>	<u>12,218,292</u>
Total expenditures	<u>12,255,488</u>	<u>276,235</u>	<u>10,674,778</u>	<u>23,206,501</u>
Excess (deficiency) of revenues over expenditures	6,506,543	(272,564)	(4,385,379)	1,848,600
Other financing sources and (uses)	<u>(5,661,069)</u>	<u>132,305</u>	<u>4,385,379</u>	<u>(1,143,385)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	845,474	(140,259)		705,215
Fund balance - July 1, 2009, restated	<u>2,569,088</u>	<u>1,025,950</u>	<u>2,900,576</u>	<u>6,495,614</u>
Fund balance - June 30, 2010	<u>\$ 3,414,562</u>	<u>\$ 885,691</u>	<u>\$ 2,900,576</u>	<u>\$ 7,200,829</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
Non-Major Governmental Funds
Special Revenue Funds
Combining Balance Sheet

June 30, 2010

	<u>Highway Improvements</u>	<u>Revolving</u>	<u>Reserve Appropriation</u>	<u>Donations</u>	<u>Federal/ Grants</u>	<u>School Grants</u>	<u>Community Development</u>	<u>Subtotal</u>
ASSETS								
Cash and investments	\$ (443,169)	\$ 2,445,002	\$ 1,304,996	\$ 230,963	\$ 408,335	\$ 284,869	\$ 1,010,945	\$ 5,241,941
Federal and state grants receivable	613,211	979,679			3,382,811	1,876,922	477,095	7,329,718
Loans receivable							19,618,364	19,618,364
Receivable, other		5,022			145,992	250,041	11,937	412,992
Due from other funds		363	60,000				1,783	62,146
Inventory							246,918	246,918
Total assets	<u>\$ 170,042</u>	<u>\$ 3,430,066</u>	<u>\$ 1,364,996</u>	<u>\$ 230,963</u>	<u>\$ 3,937,138</u>	<u>\$ 2,411,832</u>	<u>\$ 21,367,042</u>	<u>\$ 32,912,079</u>
LIABILITIES AND FUND BALANCES (DEFICITS)								
Liabilities:								
Warrants payable	\$ 202	\$ 93,289	\$	\$ 1,165	\$ 379,298	\$ 328,006	\$ 546,269	\$ 1,348,229
Accounts payable and accrued expenses	168,639	35,353		4,908	1,029,374	355,404	134,173	1,727,851
Due to the federal or state government					911	285,519		286,430
Deferred revenue		1,350			327,391	1,247,351	19,768,365	21,344,457
Due to other funds		15,000					36,392	51,392
Other liabilities							25,948	25,948
Total liabilities	<u>168,841</u>	<u>144,992</u>		<u>6,073</u>	<u>1,736,974</u>	<u>2,216,280</u>	<u>20,511,147</u>	<u>24,784,307</u>
Fund balances (deficits):								
Restricted								
Unrestricted, undesignated	<u>1,201</u>	<u>3,285,074</u>	<u>1,364,996</u>	<u>224,890</u>	<u>2,200,164</u>	<u>195,552</u>	<u>855,895</u>	<u>8,127,772</u>
Total fund balances	<u>1,201</u>	<u>3,285,074</u>	<u>1,364,996</u>	<u>224,890</u>	<u>2,200,164</u>	<u>195,522</u>	<u>855,895</u>	<u>8,127,772</u>
Total liabilities and fund balances	<u>\$ 170,042</u>	<u>\$ 3,430,066</u>	<u>\$ 1,364,996</u>	<u>\$ 230,963</u>	<u>\$ 3,937,138</u>	<u>\$ 2,411,042</u>	<u>\$ 21,367,042</u>	<u>\$ 32,912,079</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
Non-Major Governmental Funds
Capital Project Funds
Combining Balance Sheet

June 30, 2010

	<u>Building R&M \$2.9 Mill Bond</u>	<u>Equipment Purchase Bond Issue</u>	<u>\$1 Mil Building Imp & \$150K Costs Bond Issue</u>	<u>\$3 Mil Equipment Bond Issue</u>	<u>\$627K Equipment Bond Issue</u>	<u>\$6 Mil Auto Meter Reader Bond Issue</u>	<u>Normandin MS</u>	<u>Keith MS</u>	<u>Landfill Closure</u>
ASSETS									
Cash and cash equivalents	\$ 598,253	\$ 39	\$	\$ 1,834	\$ 92	\$ 1,295,091	\$ 77,097	\$(1,597,124)	\$ 84,021
Federal and state grants receivable								10,775,437	
Receivable, other									
Due from other funds									
Due from component unit									
Total assets	<u>\$ 598,253</u>	<u>\$ 39</u>	<u>\$</u>	<u>\$ 1,834</u>	<u>\$ 92</u>	<u>\$ 1,295,091</u>	<u>\$ 77,097</u>	<u>\$ 9,178,313</u>	<u>\$ 84,021</u>
Warrants payable	\$	\$	\$	\$ 1,510	\$	\$ 7,288	\$	\$ 806,706	\$
Accounts payable and accrued expenses						33,013		149,194	28,235
Bond anticipation notes payable	1,000,000							15,000,000	
Deferred revenue – misc								162,554	
Deposit held								353,680	21,442
Retainage payable									
Due from other funds									
Total liabilities	<u>1,000,000</u>			<u>1,510</u>		<u>40,301</u>		<u>16,472,134</u>	<u>49,677</u>
Fund balances (deficits), unreserved	(401,747)	39		324	92	1,254,790	77,097	(7,293,821)	34,344
Total liabilities and fund balances	<u>\$ 598,253</u>	<u>\$ 39</u>	<u>\$</u>	<u>\$ 1,834</u>	<u>\$ 92</u>	<u>\$ 1,295,091</u>	<u>\$ 77,097</u>	<u>\$ 9,127,313</u>	<u>\$ 84,021</u>

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CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
Non-Major Governmental Funds
Capital Project Funds
Combining Balance Sheet

June 30, 2010

	River Road <u>Bond</u>	Wastewater Sewer <u>Bond Issue</u>	DPI Sewer <u>Separation</u>	Street <u>Paving</u>	Lincoln <u>Elementary</u>	Mt. Pleasant Water <u>Mains</u>	Railroad <u>Depot</u>	19.3 SRF-CSO <u>Main Intercept</u>	Water Transmission <u>Mains</u>	West End Cement <u>Lining Ph2</u>	North End <u>Pressure</u>
ASSETS											
Cash and cash equivalents	\$ 11,690	\$	\$ 387,506	\$	\$ 2,796,965	\$	\$ 802,355	\$	\$	\$12,565	\$ 25,770
Federal and state grants receivable								1,079,397		2,238	
Receiveable, other											
Due from other funds											
Due from component unit	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
 Total assets	<u>\$</u>	<u>\$</u>	<u>\$ 387,506</u>	<u>\$</u>	<u>\$ 2,796,965</u>	<u>\$</u>	<u>\$ 802,355</u>	<u>\$ 1,079,397</u>	<u>\$</u>	<u>\$ 14,803</u>	<u>\$ 25,770</u>
LIABILITIES AND FUND BALANCES (DEFICITS)											
Warrants payable	\$	\$	\$ 614	\$	\$ 894,873	\$	\$	\$ 299,716	\$	\$	\$ 1,533
Accounts payable and accrued expenses					1,649		4,792	779,073			
Bond anticipation notes payable					5,00,000		7,431,250				
Deferred revenue											
Deposit held											
Retainage payable					909,360			68,096			23,661
Due to other funds	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Total liabilities	_____	_____	<u>614</u>	_____	<u>6,805,882</u>	_____	<u>7,436,042</u>	<u>1,146,885</u>	_____	_____	<u>25,194</u>
Fund balances (deficits), unreserved	<u>11,690</u>	_____	<u>386,892</u>	_____	<u>(4,008,917)</u>	_____	<u>(6,633,687)</u>	<u>(67,488)</u>	_____	<u>14,803</u>	<u>576</u>
Total liabilities and fund balances	<u>\$ 11,690</u>	<u>\$</u>	<u>\$ 387,506</u>	<u>\$</u>	<u>\$ 2,796,965</u>	<u>\$</u>	<u>\$ 802,355</u>	<u>\$ 1,079,397</u>	<u>\$</u>	<u>\$ 14,803</u>	<u>\$ 25,770</u>

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CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
Non-Major Governmental Funds
Capital Project Funds
Combining Balance Sheet

Year Ended June 30, 2010

	<u>Water Mains Rehab Construction</u>	<u>5.5 M SRF QTP Energy Improv</u>	<u>Incubator Project</u>	<u>Sea Lab</u>	<u>Route 18</u>	<u>AIP 27 Taxiway B Construction</u>	<u>Parking Garage</u>	<u>Wastewater 2D Treatment</u>	<u>TOTALS</u>
ASSETS									
Cash and cash equivalents	\$ (164,147)	\$ (302,096)		\$ (381)	\$ 494	\$	\$ 48,275	\$ 75,569	\$ 4,153,868
Federal and state grants receivable	366,986	1,168,122			132,625				13,524,805
Receivable, other									
Due from other funds								1,043	1,043
Due from component unit									
Total assets	<u>\$ 202,839</u>	<u>\$ 866,026</u>	<u>\$</u>	<u>\$ 381</u>	<u>\$ 133,119</u>	<u>\$</u>	<u>\$ 48,275</u>	<u>\$ 76,612</u>	<u>\$ 17,679,716</u>
LIABILITIES AND FUND BALANCES (DEFICITS)									
Warrants payable	\$ 1,444	\$ 319,646	\$	\$	\$	\$			\$ 2,333,330
Accounts payable and accrued expenses	128,534	546,380			132,495		30,028		1,833,393
Bond anticipation notes payable									28,431,250
Deferred									
Deposit held									162,554
Retainage payable		68,483							1,444,722
Due to other funds								38	38
Total liabilities	<u>129,978</u>	<u>934,509</u>			<u>132,495</u>		<u>30,028</u>	<u>38</u>	<u>34,205,287</u>
Fund balances (deficits), unreserved	<u>72,861</u>	<u>(68,483)</u>		<u>(381)</u>	<u>624</u>		<u>18,247</u>	<u>76,574</u>	<u>(16,525,571)</u>
Total liabilities and fund balances	<u>\$ 202,839</u>	<u>\$ 866,026</u>	<u>\$</u>	<u>\$ (381)</u>	<u>\$ 133,119</u>	<u>\$</u>	<u>\$ 48,275</u>	<u>\$ 76,612</u>	<u>\$ 17,679,716</u>

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CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
Non-Major Governmental Funds
Permanent Funds
Combining Balance Sheet

June 30, 2010

	<u>Permanent Trusts</u>		<u>Total Non Major Governmental Funds</u>
	<u>Nonexpendable Trusts</u>	<u>Expendable Trusts</u>	
ASSETS			
Cash and investments	\$ 6,570,842	\$ 14,297	\$ 15,980,948
Cash			
Departmental receivables			
Federal & State Grants receivable			20,854,523
Loans receivable			19,618,364
Other Receivables	235		413,227
Due from other funds			63,189
Land inventory			<u>246,918</u>
 Total assets	<u>\$ 6,571,077</u>	<u>\$ 14,297</u>	<u>\$ 57,177,169</u>
LIABILITIES AND FUND BALANCES			
Warrants payable	\$	\$	\$ 3,681,559
Accounts payable and accrued expenses	13,362	1,000	3,575,606
Retainage payable			1,444,722
Bonds and notes payable			28,431,250
Due to other funds			51,430
Deposits held			162,554
Due to other governments			286,430
Other liabilities			25,948
Deferred revenue			<u>21,344,457</u>
 Total liabilities	<u>\$ 13,362</u>	<u>\$ 1,000</u>	<u>\$ 59,003,956</u>
Fund balances:			
 Reserved for:			
Non expendable bequests	5,127,411		5,127,411
Unreserved			
Undesignated, reported in nonmajor:			
Special revenue funds			8,127,772
Capital project funds			(16,525,571)
Permanent funds	<u>1,430,304</u>	<u>13,297</u>	<u>1,443,601</u>
 Total fund balance	<u>6,557,715</u>	<u>13,297</u>	<u>(1,826,787)</u>
 Total liabilities and fund balances	<u>\$ 6,571,077</u>	<u>\$ 14,297</u>	<u>\$ 57,177,169</u>

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CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
Non-Major Governmental Funds
Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2010

	<u>Highway Improvements</u>	<u>Revolving</u>	<u>Reserve for Appropriation</u>	<u>Donations</u>
Revenues:				
Federal grants	\$	\$ 5,361,778	\$	\$
State grants	1,091,365	1,943,040		
Utility usage charges		106	10,560	3,366
Investment income		2,272,921	116,945	69,421
Other				
Total revenues	<u>1,091,365</u>	<u>9,577,845</u>	<u>127,505</u>	<u>72,787</u>
Expenditures:				
General government		331,092	150,386	4,500
Public safety		139,348		
Public works	1,091,365	41,055		
Education		8,538,478		
Community and economic development				
Health and human services		41,862		11,997
Culture and recreation		410,448		24,178
Municipal airport				
Total expenditures	<u>1,091,365</u>	<u>9,502,283</u>	<u>150,386</u>	<u>40,675</u>
Excess (deficiency) of revenue over expenditures		75,562	(22,881)	32,112
Other financing sources (uses):				
Transfers between funds		(2,449)	(54,714)	
Excess (deficiency) of revenues and other sources over expenditures and other uses		73,113	(77,595)	32,112
Beginning fund balances (deficits), as restated	<u>1,201</u>	<u>3,211,961</u>	<u>1,442,591</u>	<u>192,778</u>
Ending fund balances (deficits)	<u>\$ 1,201</u>	<u>\$ 3,285,074</u>	<u>\$ 1,364,996</u>	<u>\$ 224,890</u>

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CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
Non-Major Governmental Funds
Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2010

	<u>Federal/State Grants</u>	<u>School Grants</u>	<u>Community Development</u>	<u>Subtotals</u>
Revenues:				
Federal grants	\$ 4,603,786	\$ 21,654,210	\$ 6,740,964	\$ 38,360,738
State grants	4,158,497	1,876,395	59,917	9,129,214
Utility usage charges				
Investment income	147		12,332	26,511
Other	<u>2,269,579</u>	<u>14,320,553</u>	<u>513,995</u>	<u>6,563,414</u>
Total revenues	<u>11,032,009</u>	<u>24,851,158</u>	<u>7,327,208</u>	<u>54,079,877</u>
Expenditures:				
General government	1,101,501			1,587,479
Public safety	4,112,554			4,251,902
Public works	3,370,834			4,503,254
Education		24,922,425		33,460,903
Community and economic development	188,966		7,482,453	7,671,419
Health and human services	1,033,905			1,087,764
Culture and recreation	169,049			603,675
Municipal airport	<u>599,251</u>	<u> </u>	<u> </u>	<u>599,251</u>
Total expenditures	<u>10,576,060</u>	<u>24,922,425</u>	<u>7,482,453</u>	<u>53,765,647</u>
Excess (deficiency) of revenue over expenditures	455,949	(71,267)	(155,245)	314,230
Other financing sources (uses):				
Transfers between funds	<u>406,438</u>	<u>(945)</u>	<u> </u>	<u>348,330</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	862,387	(72,212)	(155,245)	662,560
Beginning fund balances (deficits), as restated	<u>1,337,777</u>	<u>267,764</u>	<u>1,011,140</u>	<u>7,465,212</u>
Ending fund balances (deficits)	<u>\$ 2,200,164</u>	<u>\$ 195,552</u>	<u>\$ 855,895</u>	<u>\$ 8,127,772</u>

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CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
Non-Major Governmental Funds
Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2010

	<u>Building R&M 2.9 Mill Bond</u>	<u>Equipment Purchase Bond Issue</u>	<u>\$1 Mil Building Imp & \$150K Costs Bond Issue</u>	<u>\$3 Mil Equipment Bond Issue</u>	<u>\$627K Equipment Bond Issue</u>	<u>\$6 Mil Auto Meter Reader Bond Issue</u>
Revenues:						
Federal grant:	\$	\$	\$	\$	\$	\$
Operating						
Capital						
State grant:						
Operating						
Capital						
Investment income						
Other						
Total revenues						
Expenditures:						
General government	401,747			78,012		
Public safety		768		5,501	7,247	
Public infrastructure					6,403	2,322,606
Education						
Community and economic development						
Municipal Airport						
Culture and recreation						
Total expenditures	<u>401,747</u>	<u>768</u>		<u>83,513</u>	<u>13,650</u>	<u>2,322,606</u>
Excess (deficiency) of revenue over expenditures	<u>(401,747)</u>	<u>(768)</u>		<u>(83,513)</u>	<u>(13,650)</u>	<u>(2,322,606)</u>
Other financing sources (uses):						
Transfers between funds						
Bond premiums						
Bond proceeds				<u>3,317,000</u>	<u>627,750</u>	<u>6,000,000</u>
Total other financing sources (uses)				<u>3,317,000</u>	<u>627,750</u>	<u>6,000,000</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(401,747)</u>	<u>(768)</u>		<u>3,233,487</u>	<u>614,100</u>	<u>3,677,394</u>
Fund balances (deficit), June 30, 2009, as restated		<u>807</u>		<u>(3,233,163)</u>	<u>(614,008)</u>	<u>(2,422,604)</u>
Fund balances (deficit), June 30, 2010	<u><u>\$ (401,747)</u></u>	<u><u>\$ 39</u></u>	<u><u>\$</u></u>	<u><u>\$ 324</u></u>	<u><u>\$ 92</u></u>	<u><u>\$ 1,254,790</u></u>

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CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
Non-Major Governmental Funds
Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2010

	<u>Normandin Middle School</u>	<u>Keith Middle School</u>	<u>Landfill Closure</u>	<u>River Road Bond</u>	<u>Wastewater Sewer Separation</u>	<u>DPI Sewer Separation</u>	<u>Street Paving</u>
Revenues:							
Federal grant:	\$	\$	\$	\$	\$	\$	\$
Operating							
Capital							
State grant:							
Capital		7,910,489					
Investment income							
Other							
Total revenues		<u>7,910,489</u>					
Expenditures:							
General government							
Public safety							
Public infrastructure			938,090			25,649	
Education		8,608,950					
Community and economic development							
Municipal airport							
Culture and recreation							
Total expenditures		<u>8,608,950</u>	<u>938,090</u>			<u>25,649</u>	
Excess (deficiency) of revenue over expenditures		<u>(698,461)</u>	<u>(938,090)</u>			<u>(25,649)</u>	
Other financing sources (uses):							
Transfers between funds		5,000					(76)
Bond premiums							
Bond proceeds							
Total other financing sources (uses)		<u>5,000</u>					<u>(76)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses		<u>(693,461)</u>	<u>(938,090)</u>			<u>(25,649)</u>	<u>(76)</u>
Fund balances (deficit), June 30, 2009	<u>77,097</u>	<u>(6,600,360)</u>	<u>972,434</u>	<u>11,690</u>		<u>412,541</u>	<u>76</u>
Fund balances (deficit), June 30, 2010	<u>\$ 77,097</u>	<u>\$ (7,293,821)</u>	<u>\$ 34,344</u>	<u>\$ 11,690</u>	<u>\$</u>	<u>\$ 386,892</u>	<u>\$</u>

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CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
Non-Major Governmental Funds
Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2010

	<u>Lincoln Elementary</u>	<u>Mt. Pleasant Water Mains</u>	<u>Railroad Depot</u>	<u>19.3 SRF-CSO Main Intercept</u>	<u>Water Transmission Mains</u>	<u>West End Cement Lining Ph2</u>	<u>North End Pressure</u>
Revenues:							
Federal grant:	\$	\$	\$	\$	\$	\$	\$
Operating							
Capital				1,535,939			
State grant:							
Operating							
Capital	16,494,466						
Investment income							
Other							
Total revenues	<u>16,494,466</u>			<u>1,535,939</u>			
Expenditures:							
General government							
Public safety							
Public infrastructure			87,424	1,603,427			1,645,262
Education	18,553,225						
Community and economic development							
Municipal Airport							
Culture and recreation							
Total expenditures	<u>18,553,225</u>		<u>87,424</u>	<u>1,603,427</u>			<u>1,645,262</u>
Excess (deficiency) of revenue over expenditures	<u>(2,058,759)</u>		<u>(87,424)</u>	<u>(67,488)</u>			<u>(1,645,262)</u>
Other financing sources (uses):							
Transfers between funds		9,870	38,750				23,750
Bond premiums							
Bond proceeds							<u>4,626,250</u>
Total other financing sources (uses)		<u>9,870</u>	<u>38,750</u>				<u>4,650,000</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(2,058,759)</u>	<u>9,870</u>	<u>(48,674)</u>	<u>(67,488)</u>			<u>3,004,738</u>
Fund balances (deficit), June 30, 2009	<u>(1,950,158)</u>	<u>(9,870)</u>	<u>(6,585,013)</u>			<u>14,803</u>	<u>(3,004,162)</u>
Fund balances (deficit), June 30, 2010	<u><u>\$(4,008,917)</u></u>	<u><u>\$</u></u>	<u><u>\$(6,633,687)</u></u>	<u><u>\$(67,488)</u></u>	<u><u>\$</u></u>	<u><u>14,803</u></u>	<u><u>\$ 576</u></u>

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CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
Non-Major Governmental Funds
Capital Project Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2009

	<u>Water Mains Rehab Construction</u>	<u>5.5M SRF QTP Energy Improv</u>	<u>Incubator Project</u>	<u>Sea Lab</u>	<u>Route 18</u>	<u>AIP-27 Taxiway B Construction</u>	<u>Parking Garage</u>	<u>Wastewater 2D Treatment</u>	<u>Totals</u>
Revenues:									
Federal grant:	\$	\$	\$	\$	\$	\$	\$	\$	\$
Operating									
Capital		1,748,610							3,284,549
State grant:									
Operating									
Capital				7,200,000	226,520				31,831,475
Investment income								329	329
Other									
Total revenues		<u>1,748,610</u>		<u>7,200,000</u>	<u>226,520</u>			<u>329</u>	<u>35,116,353</u>
Expenditures:									
General government							45,321		525,080
Public safety									13,516
Public infrastructure	1,109,759	1,817,093			226,520				9,782,233
Education									27,162,175
Community and economic development									
Municipal Airport									
Culture and recreation									
Total expenditures	<u>1,109,759</u>	<u>1,817,093</u>			<u>226,520</u>		<u>45,321</u>		<u>37,483,004</u>
Excess (deficiency) of revenue over expenditures	(1,109,759)	(68,483)		7,200,000			(45,321)	329	(2,366,651)
Other financing sources (uses):									
Transfers between funds			23,167	102,500		(8,626)			194,335
Bond premiums									
Bond proceeds				950,000					15,321,000
Total other financing sources (uses)			<u>23,167</u>	<u>1,052,000</u>		<u>(8,626)</u>			<u>15,715,335</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(1,109,759)	(68,483)	23,167	8,252,000		(8,626)	(45,321)	329	13,348,684
Fund balances (deficit), June 30, 2009, as restated	<u>1,182,620</u>		(23,167)	(8,252,881)	<u>624</u>	<u>8,626</u>	<u>63,568</u>	<u>76,245</u>	(29,874,255)
Fund balances (deficit), June 30, 2010	<u>\$ 72,861</u>	<u>\$ 68,483</u>	<u>\$</u>	<u>\$ (381)</u>	<u>\$ 624</u>	<u>\$</u>	<u>\$ 18,247</u>	<u>\$ 76,574</u>	<u>\$ (16,525,571)</u>

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CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
Permanent Trust Funds
Combining State of Revenues, Expenditures and Changes in Fund Balances

June 30, 2010

	Permanent Trusts		Total Non Major Governmental Funds
	Nonexpendable Trusts	Expendable Trusts	
Revenues:			
School Building Authority reimbursement	\$	\$	\$ 24,404,955
Investment income	913,195	(7,158)	932,877
Intergovernmental – operating			45,441,232
Intergovernmental - capital			12,759,789
Charges for services			2,350,244
Miscellaneous	<u>335,432</u>	<u>3,300</u>	<u>4,551,902</u>
Total revenues	<u>1,248,627</u>	<u>(3,858)</u>	<u>90,440,999</u>
Expenditures:			
General government	111		2,112,670
Public safety			4,265,418
Public infrastructure			9,782,233
Education			60,627,275
Public works	4,197		4,503,254
Community and economic development			7,671,419
Health and human services	70,928	717	1,159,409
Municipal airport			599,251
Culture and recreation	<u>190,301</u>	<u>7,579</u>	<u>801,555</u>
Total expenditures	<u>265,537</u>	<u>8,296</u>	<u>91,522,484</u>
Excess (deficiency) of revenue over expenditures	<u>983,090</u>	<u>(12,154)</u>	<u>(1,081,485)</u>
Other financing sources (uses):			
Bond proceeds			15,521,000
Transfers in			609,475
Transfers out	<u>(62,061)</u>	<u>(57,939)</u>	<u>(186,810)</u>
Total other financing sources (uses)	<u>(62,061)</u>	<u>(57,939)</u>	<u>15,943,665</u>
Net change in fund balances	921,029	(70,093)	14,862,180
Fund balance (deficit), July 1, 2009, restated	<u>5,636,686</u>	<u>83,390</u>	<u>(16,688,967)</u>
Fund balance (deficit), June 30, 2010	<u>\$ 6,557,715</u>	<u>\$ 13,297</u>	<u>\$(1,826,787)</u>

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CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
Permanent Trust Funds
Combining State of Revenues, Expenditures and Changes in Fund Balances

June 30, 2010

	<u>Elwyn G. Campbell</u>	<u>Taylor School</u>	<u>Total</u>
Assets			
Cash and short-term investments	\$ <u>12,156</u>	\$ <u>30</u>	\$ <u>12,186</u>
Total assets	<u>\$ 12,156</u>	<u>\$ 30</u>	<u>\$ 12,186</u>
Liabilities			
Accounts payable and accrued expenses	\$ _____	\$ _____	\$ _____
Total liabilities			
Net Assets			
Held in trust for pension benefits and other purposes	<u>\$ 12,156</u>	<u>\$ 30</u>	<u>\$ 12,186</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
Private Purpose Trust Funds
Combining Statement of Revenue, Expenditures and Changes in Fiduciary Net Assets
For the Year Ended June 30, 2010

	<u>Elwyn G. Campbell</u>	<u>Taylor School</u>	<u>Total</u>
Additions:			
Investment income:			
Dividends and interest	\$ 357	\$	\$ 357
Net appreciation in fair value of investments	4,879		4,879
Gain (Loss) on sale of investments	(3,929)		(3,929)
Total investment income	<u>1,307</u>		<u>1,307</u>
Total additions	<u>1,307</u>		<u>1,307</u>
Deductions:			
Education	<u>334</u>		<u>334</u>
Total deductions	<u>334</u>		<u>334</u>
Change in Net Assets	<u>973</u>		<u>973</u>
Beginning net assets	<u>11,183</u>	<u>30</u>	<u>11,183</u>
Ending net assets	<u>\$ 12,156</u>	<u>\$ 30</u>	<u>\$ 12,156</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
General Fund
Schedule of Property Tax and Motor Vehicle Excise Tax Receivables

For the Year Ended June 30, 2010

	Beginning Balance 07/01/09	Commitments	Collections	Adjustments	Exemptions & Abatements	Transfer to Tax File	Refunds	Vacated Judgements	Ending Balance 06/30/10
Real Estate:									
2010	\$	\$ 87,795,390	\$(82,515,017)	\$(24,279)	\$(849,463)	\$	\$ 46,987	\$ 1,659	\$ 4,455,277
2009	4,289,663		(2,175,698)	8,988	(72,585)	(2,204,131)	45,643	2,592	(105,529)
2008	(87,807)		260	10,150	(14,429)		5,309		(86,517)
2007	(77,520)			73,880			3,640		
2006	(87,084)			87,084					
2005	(65,404)			65,404					
2004	(89,979)			89,979					
2003	(70,842)			70,842					
2002	(24,761)			24,761					
2001	26,384			25,709					
Total Real Estate	3,812,651	87,795,390	(84,690,456)	432,517	(936,477)	(2,204,131)	101,579	4,251	4,315,324
Personal Property:									
2010		4,358,262	(4,260,018)	(80)					96,464
2009	69,910		(40,320)	(5)	(1,700)				29,511
2008	25,017		(455)	(1)	(75)				24,493
2007	25,614		(537)	121	(68)				25,198
2006	38,792		(86)	45					38,751
2005	42,085		294	469					42,848
2004	14,840		(29)						14,811
2003	14,802								14,802
2002	14,617								14,616
2001	11,911		(80)	(1)					11,831
2000	11,925		(100)						11,825
1999	11,827		(82)						11,745
1998	8,304								8,304
1997	2,955								2,955
1996	3,325								3,325
1995	2,970								2,970
1994	2,209								2,209
1993	1,581								1,581
1992	1,186								1,186
1991	2,726								2,726
1990	1,470			(8)					1,462
1989	1,032								1,032
Total Personal Property	309,099	4,358,262	(4,301,412)	540	(1,843)				364,645
Total Property Taxes	4,121,750	92,153,652	(88,991,868)	433,057	(938,321)	(2,204,131)	101,579		4,679,969

See accompanying independent auditors' report

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CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
General Fund
Schedule of Property Tax and Motor Vehicle Excise Tax Receivables

For the Year Ended June 30, 2010

	<u>Beginning Balance 07/01/09</u>	<u>Commitments</u>	<u>Collections</u>	<u>Adjustments</u>	<u>Exemptions & Abatements</u>	<u>Transfer to Tax File</u>	<u>Refunds</u>	<u>Vacated Judgement</u>	<u>Ending Balance 06/30/10</u>
<u>Motor Vehicle</u>									
2010		4,896,334	(4,236,742)	1,686	(90,479)		8,740		579,540
2009	499,897	678,510	(888,413)	(583)	(55,400)		24,209		258,220
2008	297,267	12,603	(139,188)	(1,608)	(13,996)		6,451		161,529
2007	197,048	184	(53,504)	15,190	(6,608)		3,994		156,304
2006	157,158	47	(27,169)	(41)	(1,661)		278		128,611
2005	133,389		(18,889)	(21)	(935)		195		113,739
2004	101,330		(7,371)		(210)		27		93,776
2003	(1,910)								(1,910)
2002	(1,630)								(1,630)
2001	(482)								(482)
2000	(76)								(76)
1999	(4)								(4)
1998	(54)								(54)
1997	(104)								(104)
1996	(48)								(48)
1995	(118)								(118)
1994	(7)								(7)
1993									
1992	(5)								(5)
1991									
1990	(257)								(257)
1989	(352)								(352)
1988	(155)								(155)
Total Motor Vehicle	<u>1,380,886</u>	<u>5,587,677</u>	<u>(5,371,275)</u>	<u>14,623</u>	<u>(169,289)</u>		<u>43,893</u>		<u>1,486,515</u>
Total Property and Motor Vehicle	<u>\$ 5,502,636</u>	<u>\$ 97,741,329</u>	<u>\$(94,363,143)</u>	<u>\$ 447,680</u>	<u>\$(1,107,609)</u>	<u>\$(2,204,131)</u>	<u>\$ 145,473</u>	<u>\$</u>	<u>\$ 6,166,485</u>

See accompanying independent auditors' report

CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
General Long-Term Debt Account Group
Schedule of Long-Term Debt Maturities

Ten Years Ended June 30, 2010

	Outstanding Balance 6/30/10	2011	2012	2013	2014
GOB 2004 - Refund 1996	\$ 4,145,000	\$ 605,000	\$ 610,000	\$ 565,000	\$ 580,000
GOB 2004 - Refund 1995	3,090,000	580,000	585,000	595,000	600,000
Sewer Bonds	1,981,000	185,000	194,000	203,000	212,000
General Public Improvement	3,563,000	414,000	410,000	405,000	397,000
Federal Loan 1996 Series A	4,605,000	1,165,000	1,035,000	890,000	730,000
Federal Loan 1998 Series A	94,935,000	3,805,000	4,085,000	4,390,000	4,710,000
Federal Loan 2000 Series 6	4,523,850	148,850	155,000	160,000	165,000
Middle School, Public Imp	33,276,000	2,556,000	2,346,000	2,352,000	2,931,000
Federal Loan 2003 Series 8	567,037	35,940	36,948	37,798	39,019
Federal Loan 2003 Pool 9	1,121,638	71,594	72,795	74,959	77,290
HUD 108 -2003 –A	1,370,000	105,000	105,000	105,000	105,000
Federal Loan DW-02-13	1,704,929	88,495	90,910	93,415	97,068
Federal Loan DW-02-20	3,357,836	174,993	179,759	184,705	191,918
\$11.434M GOB 2006	8,260,000	760,000	590,000	590,000	590,000
Federal Loan CW-04-28	500,451	26,807	27,349	27,901	28,465
Federal Loan CW-03-36	4,800,877	136,339	139,521	142,777	146,110
GOSQ Bond 2007	14,030,000	995,000	1,005,000	1,025,000	1,045,000
Federal Loan DW-02-13A	357,507	17,834	18,195	18,562	18,938
Federal Loan DW – 04-13	5,295,586	264,175	269,513	274,957	280,512
GOB 2008 Series A	13,020,000	595,000	605,000	615,000	630,000
General Obligation SQ Bond – Series B	3,790,000	5,000	335,000	335,000	335,000
MWPAT CW 03-36A	586,101	16,384	16,786	17,197	17,619
MWPAT DW06-10 Series 14	7,682,530	335,716	342,498	349,418	356,476
\$950,000 General Obligation State Qualified	950,000	85,000	85,000	90,000	90,000
\$14.571 Million Bond Issue	<u>14,571,000</u>	<u>521,000</u>	<u>570,000</u>	<u>585,000</u>	<u>595,000</u>
	<u>\$ 232,084,342</u>	<u>\$ 13,693,127</u>	<u>\$ 13,909,274</u>	<u>\$ 14,126,689</u>	<u>\$ 14,968,415</u>

See accompanying independent auditors' report

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CITY OF NEW BEDFORD, MASSACHUSETTS

Supplementary Information
General Long-Term Debt Account Group
Schedule of Long-Term Debt Maturities

Ten Years Ended June 30, 2010

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
GOB 2004 - Refund 1996	\$ 585,000	\$ 595,000	\$ 605,000	\$	\$	\$
GOB 2004 - Refund 1995	360,000	370,000				
Sewer Bonds	216,000	226,000	238,000	249,000	258,000	
General Public Improvement	393,000	390,000	387,000	385,000	382,000	
Federal Loan 1996 Series A	515,000	270,000				
Federal Loan 1998 Series A	5,085,000	5,490,000	5,920,000	6,090,000	6,260,000	6,440,000
Federal Loan 2000 Series 6	170,000	180,000	185,000	185,000	195,000	200,000
Middle School, Public Imp	3,006,000	3,079,000	3,160,000	3,266,000	3,370,000	3,525,000
Federal Loan 2003 Series 8	40,715	42,412	44,108	44,108	45,805	47,501
Federal Loan 2003 Pool 9	80,000	80,000	85,000	90,000	90,000	95,000
HUD 108 -2003 –A	105,000	105,000	105,000	105,000	105,000	105,000
Federal Loan DW-02-13	100,041	105,000	110,000	110,000	115,000	120,000
Federal Loan DW-02-20	197,786	204,888	214,883	219,880	229,875	239,869
\$11.434M GOB 2006	585,000	585,000	555,000	550,000	550,000	550,000
Federal Loan CW-04-28	29,040	29,627	30,225	30,836	31,459	32,094
Federal Loan CW-03-36	149,520	153,009	156,581	160,235	163,975	167,802
GOSQ Bond 2007	1,060,000	1,080,000	1,105,000	1,125,000	1,150,000	1,175,000
Federal Loan DW-02-13A	19,320	19,710	20,108	20,514	20,929	21,352
Federal Loan DW – 04-13	286,179	291,961	297,859	303,876	310,015	316,277
GOB 2008 Series A	650,000	665,000	680,000	695,000	715,000	725,000
General Obligation SQ Bond – Series B	335,000	335,000	335,000	335,000	330,000	330,000
MWPAT CW 03-36A	18,050	18,493	18,946	19,410	19,886	20,373
MWPAT DW06-10 Series 14	363,678	371,025	378,521	386,167	393,969	401,928
\$950,000 General Obligation State Qualified	90,000	95,000	100,000	100,000	105,000	110,000
\$14.571 Million Bond Issue	<u>605,000</u>	<u>625,000</u>	<u>640,000</u>	<u>665,000</u>	<u>690,000</u>	<u>710,000</u>
	<u>\$ 15,044,329</u>	<u>\$ 15,406,125</u>	<u>\$ 15,371,231</u>	<u>\$ 15,135,026</u>	<u>\$ 15,530,913</u>	<u>\$ 15,332,196</u>

See accompanying independent auditors' report